

WEATHER FORECAST:—E. AND N.E. WINDS, MODERATE TO FRESH; OVERCAST, PROBABLY SOME DRIZZLE OR LIGHT RAIN.

Library, Supreme Court

General Manager

Masons
O.K.
the cold meat Sauce

Hongkong Daily Press.

Registered as a Newspaper at the General Post Office in the United Kingdom.

報西

ESTABLISHED 1857

刺刊

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HONGKONG, THURSDAY, FEBRUARY 29, 1940.

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Price (Single Copy: 10 cents, Per Month: \$2.00)

NEED FOR STRONG AIR FORCE IS EMPHASISED BY LLOYD GEORGE: FORMER WAR PRIME MINISTER ON LESSON GERMANY LEARNED

SPLIT IN MINSEITO PARTY IS POSSIBLE

SAITO CASE CONSIDERED

TOKYO, Feb. 28 (Reuter)—Leaders of the Minseito Party this morning considered the case involving Mr. Takao Saito, veteran member of the Party, who made a "slip of the tongue" when interpellating the Government during the Diet session on February 2.

They decided to hold a meeting on Party members on Mar. 1 when they will make a formal decision regarding Mr. Saito. Despite the fact that many members of the Minseito Party this morning opposed the expulsion of Mr. Saito and favour a long term of suspension as the maximum punishment, the President of the Party and other leaders strongly opposed the motion that expulsion should be deferred.

The Kokumin Shimbun forecast that expulsion would ultimately be decided though a split in the Minseito Party may be possible.

Tientsin Food Situation Is Precarious

SPECIAL TO H.K. DAILY PRESS
TIENTSIN, Feb. 28 (Havas)—Despite the recent arrival of 1,000,000 bags of flour from Japan and Australia the food situation here is still extremely precarious and prices continue to soar, chiefly owing to the recent drop in local currency and the rising prices abroad.

Twenty per cent. of the flour was acquired owing to the export and import link system prevalent in North China, since the institution of exchange control, but the amount of foreign currency released through this system is not sufficient owing to considerable reduction in exports to non-war bloc countries.

NAZIS AND S.M.C. ELECTION

SPECIAL TO H.K. DAILY PRESS
SHANGHAI, Feb. 28 (Havas)—It is learnt from a reliable source that the German Consulate has approached German firms and ratepayers residing in the Settlement for particulars regarding their status as regards voting for the Municipal Council.

No reason is given but German officials privately hinted that "we may do something in common with the Japanese and Italians in the forthcoming elections."

DANISH FISHING FLEET LEAVING DOGGER BANK

COPENHAGEN, Feb. 28 (Reuter)—Besides the loss of the Danish fishing boat Aljam which sank after a mysterious explosion on Friday night, four more boats, which have been stationed on the Dogger Bank, are missing, according to the Belting Tidende.

The paper adds that the whole Danish fishing fleet is on their way home from the Dogger Bank. No reason is yet given but according to unconfirmed reports, the fleet was attacked several times by aeroplanes.

BANK MEETING

The annual general meeting of shareholders of the Hongkong and Shanghai Banking Corporation was held yesterday when the Chairman of the Board of Directors, the Hon. Mr. A. L. Shields, reviewed the Bank's business in the past year and also commented upon the financial and political situation. The full report of the meeting appears as a Supplement to this issue of the Hongkong Daily Press.

GERMAN PLANES BROUGHT DOWN IN FRANCE

PARIS, Feb. 28 (Reuter)—It is learned that two German planes have been brought down in France during the last 48 hours.

FOREIGN MACHINES

THE HAGUE, Feb. 28 (Reuter)—It is officially announced that foreign aeroplanes were observed over a province in north Holland last night. Their nationality could not be identified.

Dutch anti-aircraft guns opened fire and the planes left Dutch territory.

PATROL ACTIVITY

PARIS, Feb. 28 (Reuter)—The communiqué issued today stated that there was patrol activity and some artillery fire at various points of the front.

FLIGHTS OVER BERLIN

LONDON, Feb. 28 (Reuter)—The Air Minister announced that last night the R. A. F. carried out extensive flights over Berlin and northern Germany.

The aircraft flew over Berlin and Hanover and the enemy naval bases at Kiel were successfully reconnoitred.

Artillery Boom As Indian Troops Go Into Action In Big Desert Exercises

CAIRO, FEB. 28 (REUTER)—WITH ARTILLERY BOOMING, INDIAN TROOPS WENT INTO ACTION IN THE DESERT TODAY IN THE FIRST OF A SERIES OF EXERCISES WHICH WILL LAST FOR A MONTH.

The defending force has established its field headquarters under some date palms in the ruins of Memphis with Bren guns and field pieces camouflaged with palm branches.

While motorised "enemy" columns are trying to "destroy" canals and bridges of the Nile Valley and have advanced from the western desert, groups of Sikhs, Jats, Rajputs, Punjabis and Hazarawals, cunningly hidden in the sandy gullies guard the 15-mile front. They spent the whole night watching with telescopes and awaiting the enemy in silence broken only by the occasional howl of a jackal. One Indian was posted with a telephone on the summit of a pyramid.

"REAL THING"

The Indian troops have thoroughly entered into the spirit of the exercises which they treat as the "real thing." The British, New Zealand and Egyptian armies are also carrying out exercises after which largescale manoeuvres involving the combined armies are likely to be staged.

The friendliness of troops of different nationalities strikingly demonstrates the solidarity of the Empire. The New Zealanders are mixing with the Indians and are welcomed by the Egyptians in the Cairo bazaars. Dominion troops salute Indian officers with enthusiasm.

A half-hour programme of Indian music is broadcast nightly from Cairo for the benefit of the troops encamped in the desert. A special club for Indian troops is being inaugurated on March 4 under the presidency of Lady Lamson, wife of the British Ambassador, Sir Miles Lamson.

The National Socialist motion, which also suggested Denmark's withdrawal from the League of Nations, was turned down by 46 votes to 3.

THE NEED FOR A STRONG AIR FORCE WAS EMPHASISED BY MR. DAVID LLOYD GEORGE, Prime Minister from 1916 to 1922, when speaking at a luncheon at the Dorchester Hotel in London yesterday says a Reuter message.

"If necessary," declared the 76-year-old Parliamentarian, "make it clear that if there are any attacks on our citizens at home it will not end in Britain. I am all for that, once we are committed to war."

Armaments Captured By Nazis In Poland

NEW YORK, Feb. 28 (Reuter)—All Swedish types of armaments captured by Germany in Poland will be sold to Sweden by Germany, according to reports in diplomatic circles, says the New York Times in a Washington dispatch.

The dispatch also says that Germany has agreed to deliver anti-aircraft guns manufactured in Poland under Swedish patents.

Owing to the delicate diplomatic situation in Scandinavia, it is thought that deals may be made but the reports are believed to have been derived from detailed information.

The newspaper adds that it is thought that diplomatic quarters in Germany may be anxious to prevent the Soviet from advancing further west, and also pointed out that the deal may be for purely economic reasons if Germany is hard pressed for cash, or Sweden may be able to wring concessions from Germany for her refusal to yield to Allied pressure to drop her neutral position.

Mr. Lloyd George continued: "The nation has agreed that our cause is just. We are fighting for international right. We are also agreed that we will have to go through with it until we reach an honourable, equitable and enduring peace. That is what matters in war."

"There is one thing I want to say as an old war Prime Minister—better a long war than a mean get-out."

Appealing to his hearers to remember that during the war we had to feed, not merely the armed forces, but 40,000,000 people, Mr. Lloyd George said:

"Germany forgot it last time. She forgot on her great armies. She was starved to surrender. She learned a lesson. Have we?"

JAPANESE ATTACK ON FRENCH ENVOY

SHANGHAI, Feb. 28 (Reuter)—It was revealed by the Japanese Embassy spokesman at this afternoon's press conference that the Japanese Consul-General, Mr. Y. Miura, has drawn the attention of the French Consul-General, M. Baudez, to two declarations purported to have been made by the French Ambassador, M. Henri Cosme, in Chungking.

In a note to M. Baudez, Mr. Miura pointed out that these declarations are not conducive to good Franco-Japanese relations.

The spokesman stated that on January 4 M. Cosme, at a dinner given by the Chinese People's Diplomatic Association in Chungking, praised the spirit of resistance of the Chinese.

According to the Central News Agency, the Japanese spokesman continued, M. Cosme, in an address on February 25 to the Cultural Association of France, Belgium and Switzerland, stated that China and France are now in a similar position of resisting aggression.

The spokesman added that Mr. Miura asked M. Baudez to investigate the reports.

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POLITICAL MOTIVE SUSPECTED

THIRD MURDER IN SHANGHAI

SHANGHAI, Feb. 28 (Reuter)—Without regaining complete consciousness Mr. Liu Chung-ying, a member of the Executive Committee of the Chinese Ratepayers' Association, who was shot by two gunmen in the heart of the International Settlement on Tuesday morning, died this afternoon. It was the third shooting in successive days.

According to the China Press, the exact motive for the crime, though strongly suspected to be political, is still unknown as the arrested gunman refused to give a clear-cut story.

The paper says that it is suspected that Mr. Liu was killed because he was manager of the Daywah Broadcasting Station which is said to have recently been disseminating pro-Wang Ching-wei propaganda.

Finns' New Line Of Resistance Shorter

LONDON, Feb. 28 (Reuter)—Reuter's military correspondent states that a point of outstanding importance regarding the Finns' new line of resistance is that it is 20 miles shorter than the old line and thus conserves the men.

The Russians are attacking Viborg from several directions with the main attempt aiming at encirclement from the west by attacking across the icebound sea of the Gulf of Viborg in conjunction with a further push from Kalslahti on the mainland.

This brings Uras, another Finnish fortress, into the scene of operations. Like Kolisto, it is strongly placed to protect the Finns' right flank.

It is on the peninsula joined to the mainland by a narrow spit of land carrying the railway to Kalslahti.

The fighting on the Petsamo front has caused the Finns to retire to Nautil where field defences have previously been prepared, but a diversion of this nature can have little influence on the Isthmus battle even if the latter has now reached a most critical stage.

BRITISH VOLUNTEERS

LONDON, Feb. 28 (Reuter)—The first party of British volunteers for Finland left England today as private citizens.

They are the first group out of thousands who have been recruited and complete equipment has been provided. They will wear khaki battle dress with small badges to indicate that they are of the International Brigade.

The Finnish Aid Bureau interview many applicants and the figure of 3,000, which was originally estimated, have been considerably extended. Only men without dependents are being accepted.

175,000 RED TROOPS

STOCKHOLM, Feb. 28 (Reuter)—It is believed that Russian reinforcements have arrived all along the Karelian Isthmus front and according to estimates current in Helsinki there are at least 175,000 Russian troops on the Viborg front.

It is reported in Stockholm that two divisions are now attacking on the Viborg front where the fighting is as bitter as it was at Summa a fortnight ago.

The Finns have also received reinforcements and are offering stout resistance.

SEE PAGE BACK

CANDIDATES FOR URBAN COUNCIL ELECTION



Above are the candidates for the Urban Council election. On the left is Dr. E. A. de Castro Basto, M.D., B.S., M.R.C.S., L.R.C.P., D.O.M.S., who has been proposed by the Hon. Sir Henry Pollock, K.C., LL.D., seconded by Major C. M. Manners, O.B.E., and on the right is Dr. A. M. Rodriguez, M.B., B.S., whose proposer is Mr. Leo d'Almada e Castro, sen., and seconder Lt.-Col. H. B. L. Downbigin, O.B.E. A poll for the election will take place at the office of the Registrar of the Supreme Court today from 10 a.m. to 6 p.m. See Page 6

COMMONS' QUESTION ON EVENTUAL PEACE CONFERENCE

LONDON, FEB. 28 (REUTER)—IN THE HOUSE OF COMMONS, MR. ARTHUR HENDERSON (LABOUR) ASKED WHETHER AT THE EVENTUAL PEACE CONFERENCE, representatives should be invited of any European Government which desired to place its national grievances before the conference.

The Foreign Under-Secretary, Mr. Butler, referred to the Prime Minister, Mr. Chamberlain's speech of February 24 in which the Premier said that we and our French allies could not and would not wish alone to settle the new Europe.

Mr. Butler added he was sure that any settlement would be comprehensive in its scope and that fact that he did not wish to settle it alone should reassure Mr. Henderson.

FRENCH PRESS COOL TO SUGGESTION OF NEW NAZI PEACE OFFENSIVE

New York Times' Four Questions For Welles

PARIS, Feb. 28 (Reuter)—The visits to Rome and Berlin of Mr. Sumner Welles, President Roosevelt's special personal European observer, are discussed at length in the Paris press and considerable emphasis is laid on the fact that, in his long message to Pope Pius, Mr. Roosevelt expresses similar ideas to those so often stated by Mr. Neville Chamberlain and M. Daladier, the British and French Premiers, respectively.

Reports that Germany is making Mr. Welles' visit an occasion for a new peace offensive are received here with cold indifference.

Excelsior says: "London and Paris will not agree to discuss peace until they are in a position to make Germany respect the life and liberty of all nations, both great and small."

Petit Journal comments: "Britain and France must obtain peace which will rectify the crimes committed against freedom and prevent the repetition of them."

FOUR QUESTIONS

NEW YORK, Feb. 28 (Reuter)—The New York Times, commenting on Mr. Welles' visit to Berlin, said that Mr. Welles should ask the Nazi leaders the following four questions:

FIRSTLY, how much the German people in Germany know of what is happening in the outside world? SECONDLY, can the Army be depended upon to do what it is told?

THIRDLY, what would be the effect on the people of a sudden and immense turn about to Bolshevism and an agreement with Stalin and aloofness from Italy? and, FOURTHLY, what would be the effect on the people if there is a complete breakdown of the repeated promise that Germany would not be involved in war?

HITLER'S GUEST

BERLIN, Feb. 28 (Reuter)—Mr. Welles is expected to be Herr Hitler's guest at dinner and to confer with both Herr von Ribbentrop and Field-Marshal Goering.

A message from Rome states that Mr. Welles will travel to Paris via Holland.

If all goes well, London will be his next stop after that.

BRITONS FOR TRIAL IN BERLIN

THE HAGUE, Feb. 28 (Reuter)—Mr. Best and Capt. Stevens, two British agents, who were arrested by the Nazis on the Dutch frontier, will be tried by a Berlin court early in March simultaneously with the German plumber, George Elser, who was arrested in connection with the Munich Beer Cellar explosion.

TURKISH SHIPS NOT TO CALL AT FOREIGN PORTS

LONDON, Feb. 28 (Reuter)—An Istanbul message states that the Turkish Government has decided to forbid Turkish ships to call at foreign ports and all Turkish vessels have been recalled. In future, Turkish ships can only sail in Turkish territorial waters. No confirmation of this report has been received from official sources.

In the World of Sports

LOPSIDED RESULTS IN SUNDAY'S SOFTBALL FIXTURES

Filipino-Chinese Clash Only Game Of Interest

BY R.O.Y.

In a programme of lopsided results, the Filipino Club and the Canadian Chinese served up the only game of any interest, when they battled to an 11-10 decision after the Filipino boys had lead all the way. Coming into the last half of the seventh, four tallies behind, the Canucks staged a five run rally that gave them the ball game.

The winners were almost at full strength for most of the game, and the losers are to be congratulated on their fighting display, that almost created a most unexpected upset.

LACK OF PRACTICE

The Seamen's squad showed their evident lack of practice when they succumbed to Chung Hwa, 19-1, in a light-hearted affair, during which the Chinese boys went on a bunting spree to chalk up a winning lead early in the game. Andrews connected for two of the ship's very few safe hits, while hind-another Mitchell played a hard game behind the bat.

LITTLE MARGIN

The leading ladies' squads met with little opposition in their engagements, the closest match, being the Wildcats-Pirates tangle which ended 7-5, in favour of a depleted Wildcat side. The Chinese girls fielded only seven batters and were badly outbatted by the Buccaneers who gave away too many undeserved tallies by loose fielding.

The Cardinals also turned out several players short for their clash with the Wahoes and, despite the assistance of Maude Reid, went down to the Green Owls by 10 tallies to 5. A feature of this clash was the comparatively large number of extra base clouts registered; Eddy Babida and Yvonne Yelle homered, Natty Faldonna tripled while Linda Fernandez, Yvonne Yelle and Irene Castilho, each slapped a two-bagger.

BALL GIRLS' WIN

The Ball Girls chalked up the biggest win of the day when they trounced the Cubs by 19 markers to 2, after connecting for 18 safeties off the Green Owls. In the field, the team's Collaco hurled winning ball and received grand support from hind-another Cynthia "Salor" Motta who belted out a rousing triple for the longest hit of the game. Kitty Bush included a double in her two of the winners' total bag of six safeties.

STILL AT TOP

The Canadian Chinese ladies stayed well put at the top of the league tables when they won convincingly over the Recreio Ramblers by 19 markers to 8. Mabou Louie and Jay Wong hit for the round trip, while Rene Yuen and Dot Louie each connected for four hits.

The latter was knocked cold by a foul tip in the fourth frame, but, after coming to, resumed the game at right

INTERESTING PUBLICATION ON SPORTS

Being the first magazine of its kind in local Chinese sporting circles, an interesting publication, "Health and Beauty," devoted to sports, physical development, and calisthenics, has recently its initial appearance in Hongkong.

Protusely illustrated with photographs, drawings and diagrams, which accompany the numerous articles, the cover of the first issue bears an imposing photo of a man with "Charles Atlas-like" proportions.

"Health and Beauty" itself is edited by Lee Kim-Kum, author of a book on "The Chinese Art of Self-Defense" and of another on "Parallel Bar Exercises," (Commercial Press), and concurrently to the Health, Strength and Beauty League on South China, which is affiliated with the Health and Strength League in England, and the Strength and Health League in U.S.A.

APPROPRIATE FOREWORD

An appropriate foreword to the new magazine has been written by Prof. Hsu Tz-shan, of Hongkong University, and by Mr. Tso Hock-yue. "Health and Beauty" is published by Lee's Gymnasium, 14, Benham Road, Hongkong, and contains a number of sporting and health articles, among them being: "Dumbbell Exercises," "Sports Activities at Hongkong University," "The En Tong Sen Gymnasium," "Development of the Arm and Chest," "Wrestling in the Sun Yat Sen University," "Remedial Exercises," "The Road to Health and Beauty for Women," "Basketball and Tennis," "Nutrition" by Dr. F. J. Tsung and P. F. Yong, and "The Art of Self-Defense and Boxing."

The second issue of the publication will be out by the beginning of the local swimming season, when articles on swimming activities in Hongkong will be published. G. A. T.

CRAIGENGOWER C.C. TEAMS

The following have been selected to represent the Craigengower C.C. in league matches on Saturday at 2 p.m.:

1st XI v. Army (Away)—E. Zimmern (Capt.), P. J. Billimoria, A. R. H. Esmail, A. J. Hulise, A. K. Ismail, E. A. Lee, H. P. Lim, W. Hong Sling, G. Souza, G. Winch, F. R. Zimmern. Umpire: G. Ladd; Scorer: H. W. Randall.

2nd XI v. I.R.C. (Home)—B. R. Iranee (Capt.), N. Broadbridge, A. E. Hamson, A. Hung, C. W. Lam, J. W. Leonard, T. Lock, A. M. Omar, U. M. Omar, W. K. Way, J. L. Young Saye. Scorer: W. Broadbridge.

ALL-DAY MATCH

The following will represent the C.C.C. in an all-day match against the Volunteers at 11 a.m. on Sunday on the home ground.—E. Zimmern (Capt.), F. J. Billimoria, A. R. H. Esmail, A. B. Hamson, A. K. Ismail, E. A. Lee, H. P. Lim, W. Hong Sling, G. Winch, J. L. Young Saye, F. R. Zimmern. Umpire: G. Ladd; Scorer: H. W. Randall.

University Challenge To Lingnan

Special To H.K. Daily Press
It is learned from authoritative sources that the Hongkong University Athletic Club has issued a "challenge" to the Lingnan University, inviting the latter's athletes to participate in a dual university meet, to be held after the annual meet of Hongkong University.

If the invitation is accepted, it will not be the first time that stalwarts of the two universities will clash on the field of sport, because in the pre-Sino-Japanese war times, Hongkong University teams used to go to Canton to meet the Lingnan men in athletics on their own campus.

Also, during the first six months of this academic year, H.K.U. and Lingnan varsity teams met in men's and women's basketball, football, volleyball, and tennis matches, all of which, except for the women's basketball, were won by H.K.U.

At the time of writing, there has been no reply yet from Lingnan University as to whether they are willing to participate in the proposed inter-university meet, according to the Hon. Secretary of the Hongkong University Athletic Club.

ZIMMERN LEADS IN H.K. CHESS CHAMPIONSHIP

Defeating K. Weiss in a match played at the Gloucester Hotel on Tuesday evening, E. Zimmern has taken the lead in the Colony Chess Championship Tournament, and stands first with a record of four wins in four matches played.

The positions to date are:

	P.	W.	D.	L.	Pts.
E. Zimmern	4	4	0	0	4
K. Weiss	6	4	0	2	4
K. M. A. Barnett	4	3	0	3	3
B. S. Litvin	5	3	0	2	3
Sir H. Pollock	5	2	1	2	2 1/2
D. E. de Carvalho	3	2	0	1	2
I. Blair	3	1	0	2	1
A. Birlikoff	5	1	0	4	1
A. Kurrik	3	0	1	2	1
V. V. Kolatchoff	4	0	0	4	0



Tsui Wai-pui, Colony singles tennis champion, who will be defending his title in the tournament which commences at the Hongkong C.C. next week. Tsui won the title in 1934, 1936, 1938 and last year.

New Car Without Gears Or Clutch Travels 60 M.P.G.

Mr. Leonard Murphy, once Edison's chief technician in Britain, recently drove me in a car of his own design which has no clutch, no gearbox, and reduces petrol consumption by at least half, writes a Home correspondent.

This car, which he is confident may revolutionise road transport, driven by a combination of electric and internal combustion engines.

The car weighs twenty-seven hundredweight; it was originally a sixteen h.p. model. With three up, we drove at a steady thirty miles an hour, occasionally accelerating to forty-five miles an hour. Our petrol consumption was sixty miles to the gallon.

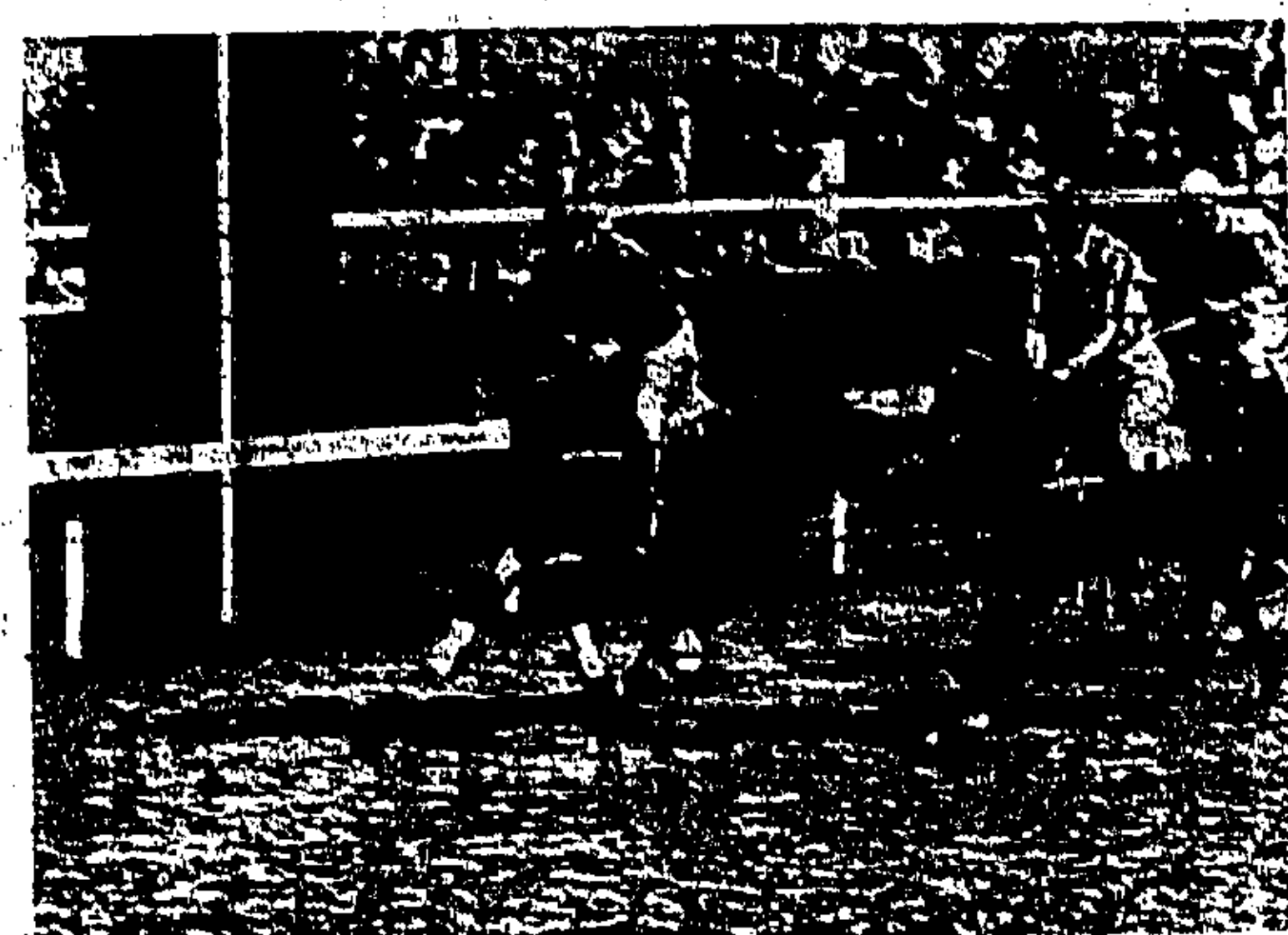
Mr. Murphy has removed the car's original 16 h.p. engine and replaced it with a 7 h.p. engine. He has added a 3 1/2 h.p. dynamo of his own design and a set of batteries.

GREAT ECONOMY
The car is started on the batteries. Once it is in motion, the petrol engine takes up the drive and maintains the speed. The electric motor, now operating as a dynamo, is replacing the energy used in starting.

The great economy of petrol is caused by the petrol engine running at constant throttle. When it has heavy work to do—as in going up-hill—the electric motor automatically comes to its help. With no clutch or gear-box to operate, driving is simpler than in a normal car.

"I'm fifty-six," Mr. Murphy said, "and I've done a lot of engineering. I've designed this car not because I want to make a fortune, but simply in the belief that it's right."

"I call my latest baby 'Gai'—power because the car drives from either or both of two sources of energy."



Mrs. J. H. Targart's Craigavad, ridden by Mr. C. Encarnacao, winning the Griffins Spring Handicap last Saturday from O'Lan, ridden by Mr. V. V. Needa, with Dupont Bay, ridden by Mr. Donald Black, third.

CHELSEA'S GREAT WIN AT READING

Reading 1 Chelsea 5
What's come over Chelsea? Before the war their inability to score goals—or shall we say their ability to do everything but score goals—made them the butt of the cartoonists and the despair of their Stamford Bridge regulars.

But, at Reading, after Deverell had given the homesters the lead in ten minutes, the Pensioners came to life and settled to a game which their supporters may often dream about but rarely see.

Shouts it from this house-tops—for once Chelsea left the clever, close-passing stuff to the other fellows, and started to swing the ball about.

And did this bring results? It certainly did. Three goals came in as many minutes. Payne got the first; two and Sherborne the third—and all came from well-placed Alexander centres.

Chelsea led 3-1 at the interval, and—tell this in Walham Green too—they kept it up in the second half, with the result that Joe Payne notched two more beauties, making four for the match.

Well, here's hoping Chelsea continue to "swing it" in the New Year.

WEST BROMWICH SHOW THE WAY

Leicester City... 2 West Brom. A. 5
Within a few minutes of the start Kinghorn scored a grand goal for Leicester.

With his first goal in Regional football, Connolly equalised after 15 minutes. Albion were a better combined force and McLaren saved grandly on three occasions before Johnson put the visitors ahead with a fortunate goal.

Four goals came in 12 minutes. Jones equalised, and Whitcomb, Jones (penalty), and Newsome scored for the Albion.

Leicester fought hard against a greatly superior side, and Bowers on two occasions had shots headed out by defenders. The Albion were strong in every department, and possessed a fine wing in Connolly and Johnson. They were worthy winners McLaren, Kinghorn, and Bowers were Leicester's best.

Jones has scored in eleven successive games, and West Bromwich Albion set up a new Club record with ten games without defeat.

(Caroline Hill), 3 p.m.; Signals v. R.A.M.C. (Military), 3 p.m.; HOCKEY—Caer Clark Cup, Recreio v. St. Andrew's (Recreio) 3 p.m.; C. B. School v. C.B.A. (C. B. School), 3 p.m.; Brawn Cup, St. Andrew's v. "Y" Ladies (C. B.A.), 3 p.m.; Argonauts v. C.B. School ("Y" ground) 3 p.m.; C.B.A. v. Recreio (C.B.A.) 4.15 p.m.

Navy 'A' Beaten By Club At Rugger

SCRAPPY GAME AT VALLEY

BY "FLY-HALF"

The better team won—that, in short, was what transpired at the Valley yesterday when the Club, playing hosts to Navy "A," won by a goal, a penalty goal and two tries (14 points) to a penalty goal and a try (6 points) after a scrappy game.

BUSTLING FACTS.

There was no doubt that the Club had a superior team—their forwards tackled well and displayed bustling tactics, whilst some very good movements were originated by their wing forwards. Lavalle, MacCrae and Thomson were outstanding for the Club team.

Outside of Paul (Navy), who gave a grand display, the rest of the team were off form. Snell, at back, was poor—his handling of the ball was never confident whilst his kicking lacked distance and accuracy. The wing forwards never got going owing to ill-timed passes and hesitancy when in possession of the ball. The pack worked hard, but could make no headway against the Club defence.

CLUB TAKE LEAD

The Club led by 6 points to nil at the interval through Thomson, who crossed over for an unconverted try and later MacCrae increased the lead by kicking a magnificent goal.

Maintaining their supremacy, the Club forged further ahead in the second half when Richardson scored between the posts for MacCrae to convert. The Club's last points were made through MacCrae, who crossed over after some thrilling three-quarter play. Taylor failed with the kick.

Despite the heavy score against them, Paul wiped off some of the Navy arrears by scoring a beautiful penalty goal. Towards the end of the game, Stockholm added a further 3 points for the Navy through the negligence of the Club defence. Paul failed to convert.

THE TEAMS

CLUB XV: Roscoe; Lavalle, Day, Hynes, Walkden; Thomson and Trisider; MacCrae, Dunnett, Wanklyn, King, Stout, Stoner, Taylor and Richardson.

NAVY XV: Snell; Hyne, Paul, Read, Addis; Hammond and Bowden; Palmer, Davis, Kingsley, King, Sykes, Bruce and Stockholm.

PROGRAMME FOR H.K. UNIVERSITY ATHLETIC MEET

Hongkong University athletes will battle for honours in track and field events at the annual athletic meet at the University Pavilion on Saturday, March 3, at 1.30 p.m. sharp.

The following events are open to University undergraduates, entries to close today at noon: 100 Yards, 200 Yards, Shot Put (Men), 220 Yards, Shot Put (Ladies), 150 Yards, High Hurdles, Long Jump (Ladies), 440 Yards, High Jump, 100 Yards (Ladies), One Mile, Long Jump, Pole Vault, Throwing the Javelin, 10,000 Meters, Discus, Hop, Step and Jump, Half Mile, 220 Yards, Low Hurdles, 220 Yards (Ladies).

ADVERTISEMENTS

THE MACAO JOCKEY CLUB.

The March Race Meeting will be held at Areia Preta, Macao on Sunday, 3rd March, 1940, commencing at 2.30 p.m.

The First Bell will be rung at 2.00 p.m. approximately.

By order,

S. W. CHENG,
Secretary.

THE HONG KONG JOCKEY CLUB.

Draft Programmes and Entry Forms for the First Extra Race Meeting to be held on Saturday, 9th March, 1940, (Weather permitting), may be obtained at the Secretary's Office, Exchange Building; the Club House, Happy Valley; the Hong Kong Club; the Sports Club; and the Stables, Shan Kwong Road.

Entries close at 12 o'clock NOON on Thursday, 29th Feb., 1940.

By Order,

C. B. BROWN,
Secretary.

SENIOR LEAGUE FOOTBALL

NARROW WIN FOR ROYAL SCOTS

The only goal scored by Gordon in the first half, gave the Royal Scots a narrow victory over the Middlesex in a First Division Soccer League match at Sookunpoo yesterday afternoon.

The winners were more aggressive for the major part of the game, but several opportunities were wasted through lack in finish. Hossack failed on two occasions when he had only the goal keeper to beat.

Bright and Sheehan were outstanding for Middlesex, but there was poor passing by the forwards. The teams were:

MIDDLESEX: Drake; Cooper and Sheehan; Parker, Bright and Wilkinson; Coomer, Pearson, Tait, Saw, and Thomas.
ROYAL SCOTS: Duncan; Naysmith and Fraser; Parnaby, Falconer and Clark; Munro, Gordon, Hossack, Fleming and Gilroy.

H.K.U. ATHLETIC CLUB OFFICERS

The Hongkong University Athletic Club announces that the following have been elected officers for 1940-41:

President: D. J. Sloss; Vice-President: W. Fald, L. B. Shore, G. T. Byrne, S. V. Boxer, K. W. Salter, W. B. Finnigan, Dr. H. T. Wu; Chairman: Leslie Sung; Hon. Secretary: J. B. Lim; Captain: Au Kit Man; Vice-Captain: George Schiller.

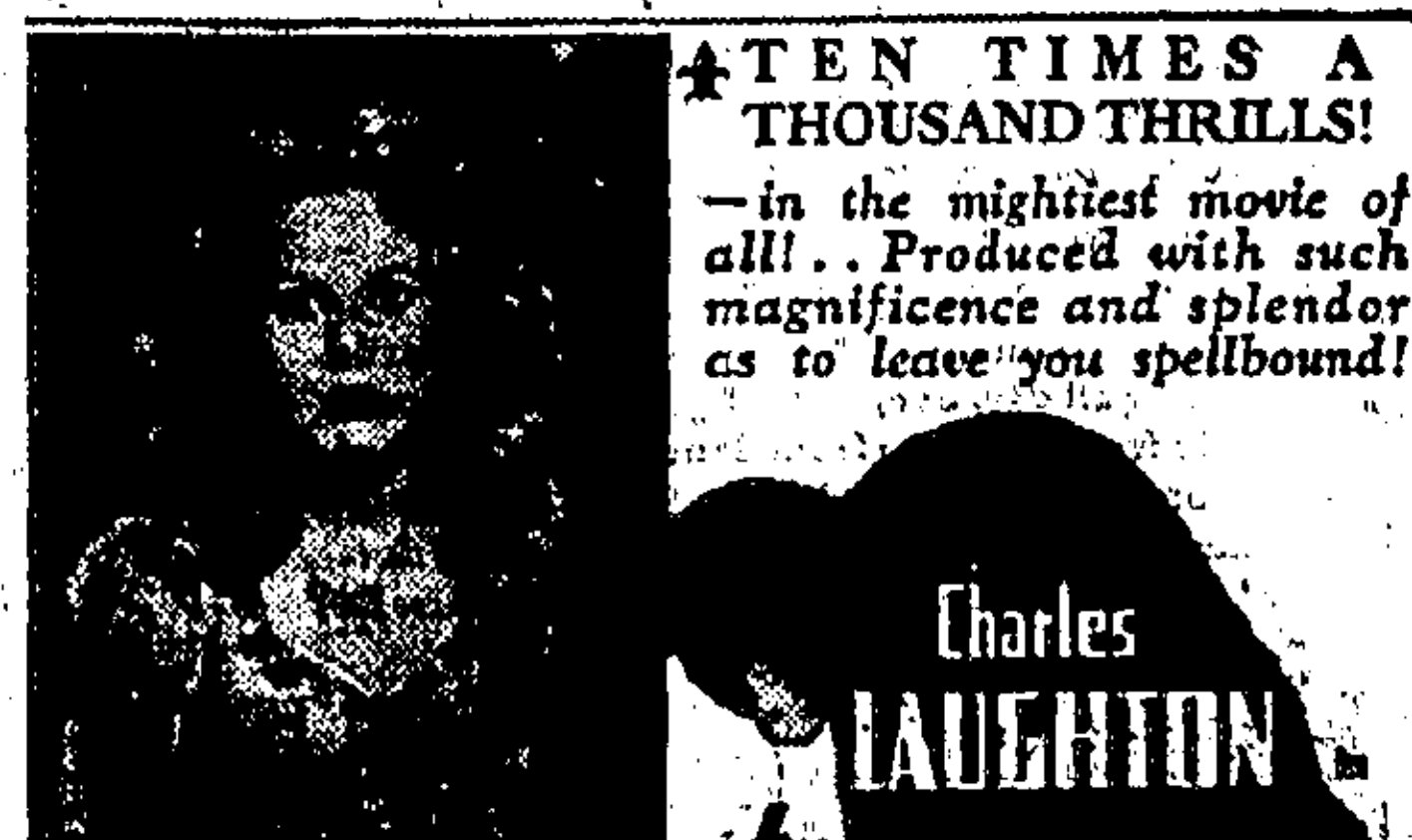
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LAUGHTON AT HIS GREATEST!



THE HUNCHBACK OF NOTRE DAME

SIR CEDRIC HARDWICKE • THOMAS MITCHELL • MAUREEN O'HARA • EDMOND O'BRIEN • ALAN MARSHALL • WALTER HAMPDEN • KATHARINE ALEXANDER

100 Featured Players!
15 Climactic Sequences!
2 Hours of Unbroken
Drama and
Wonderment!

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TWO MEN AND A GIRL WHO DARE
TO FIGHT AND CONQUER
THE RUTHLESS SEA!

FRANK LLOYD'S
RULERS OF THE SEA

Douglas FAIRBANKS, Jr. • Margaret LOCKWOOD
Will Fyffe • George BANERJEE • Montagu LOVE

TO-MORROW "CAREER"
RKO Picture • Anne Shirley • Edward Ellis

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NATHAN ROAD KOWLOON TEL. 57222

MATINEES: 20c-30c • EVENINGS: 20c-30c-50c-70c

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RETURN SHOWING BY POPULAR DEMAND!



LESLIE HOWARD
DOUG FAIRBANKS, Jr.
PAUL LUKAS
MARGARET LINDSAY

Together in a picture that has
captured the heart of the world—

CAPTURED!

TOMORROW AND SATURDAY

The Uncensored Version!

"ALL QUIET ON THE WESTERN FRONT"

A Universal Super-Production

COMING EVENTS

29-Tides: High 1.50 a.m. and 1.40 p.m. Low 5.50 a.m. and 5.50 p.m. Sunrise: 6.37 a.m.; Sunset: 6.37 p.m. Final dividend to H.K. and Shanghai Bank shareholders payable. Chess Championship continued. Leap Year Ball at Gloucester Hotel in aid of B.W.O.F. 8.30 p.m. H.K. and Lady Northcote to attend. Central British Assn. Dance. Theosophical Society: Lecture "Reincarnation," by Mr. M. R. Deb. Urban Council Election. Y.M.C.A. Games Morning, 10 a.m.; A.C. Rehearsal, 9 a.m. Entries close for H.K. Jockey Club's First Extra Race Meeting at noon. Charity Concert, Great Hall of H.K. University, 9 p.m. H.E. and Lady Northcote present. Ladies Working Party (B.W.O.F.), Govt. House, 9 a.m.-1 p.m.; St. Andrew's (B.W.O.F.) 4.30 p.m. Chess Club, Contract Bridge. H.K. Philatelic Society, R.C.M.P. 5.30 p.m. Sunday School Teachers' Assn., Cathedral Hall, 5.45 p.m. St. Andrew's Women's Fellowship, 2.30 p.m. Ladies' Bible Study, 216 Nathan Road, 10.30 a.m. H.K. Y's Men's Club, Tiffin Mtg., Cathedral Women's Fellowship Working Party, Cathedral Hall, 3.30 p.m. R.N.V. Police Recreation Room, Whist Drive, 8.30 p.m. Kowloon Junior School Sports, K.C.C. 10 a.m. MARCH 1-Tides: High 3.10 a.m. and 2.42 p.m. Low 7.55 a.m. and 10.10 p.m. Sunrise: 6.45 a.m.; Sunset: 6.23 p.m. First Anniversary of Election of Pope Pius XII. St. David's Society, Annual Dinner and Dance, H.K. Hotel. H.K. Y.C.O. Sports Mess, Annual Ball, Peninsula Hotel. Chess Club, Darts, Table-Tennis, Billiards. Ladies' Working Party (B.W.O.F.), Govt. House, 9 a.m.-1 p.m. Y.M.C.A. Swimming Pool opens. Helena May Inst., Christian Fellowship, 10.30 a.m. To H. Chamber Room, St. Andrew's, 6.45 p.m. H.K. Benevolent Society, Annual Mtg., Jardine, Matheson's Board Room, 12 noon. 2-Tides: High 4.52 a.m. and 3.57 p.m. Low 8.03 a.m. and 11.50 p.m. Sunrise: 6.45 a.m.; Sunset: 6.23 p.m. R.E.O.C.A. Supper Dance, Peninsula Hotel, 9 p.m. H.E. the Governor open's extension of Tai Po Rural Home and Orphanage, 3.30 p.m. H.E. the Governor and Lady Northcote proceed to Fanning Lodge for the week-end. Cottage Club, Paper Hunt, 3 p.m. St. Mary's School Bazaar, No. 182, Austin Road, 10 a.m.-8 p.m. 3-Tides: High 6.45 a.m. and 5.15 p.m. Low 9.18 a.m. Sunrise: 6.44 a.m.; Sunset: 6.23 p.m. Macao Races. Press Preview of Art Exhibition at St. John's Hall, 5.30 p.m. St. Mary's School Bazaar, No. 182, Austin Road, 10 a.m.-8 p.m. 4-Tides: High 8 a.m. and 6.25 p.m. Low 12.50 a.m. and 11.15 p.m. Sunrise: 6.44 a.m.; Sunset: 6.23 p.m. Colony Tennis Championships start at K.C.C. Evening Institution re-opens. Exhibition of Western and Chinese Paintings at St. John's Cathedral Hall. Crown Land Sale, P.W.D., 3 p.m. 5-Tides: High 8.35 a.m. and 7.21 p.m. Low 1.35 a.m. and 12.29 p.m. Sunrise: 6.43 a.m.; Sunset: 6.23 p.m. Black-Out Exercises. Kowloon Residents' Assn., Annual Gen. Meeting. H.K. Horticultural Society—Annual Show. Referees' Assn. Monthly Mtg., Hotel Cecil, 8 p.m. Exhibition of Western and Chinese Paintings at St. John's Cathedral Hall. 6-Fourth H.K.V.D.C. Camp starts. H.K. Horticultural Society, Annual Show. 7-Chess Championship, Continued. 8-St. Andrew's Club, Whist Drive, 8 p.m. O.B.A. Dances. Chess Club, Jumble Sale, 2.30 p.m. Referees' Assn., Whist Drive, Hotel Cecil. H.K. Yorkshiresmen's Society, Annual Dinner Dance, Gloucester Hotel. 9-Shield Soccer semi-final. H.K. University Union, Annual Athletic Meeting, 1.30 p.m. K.C.C. Presentation of Prizes, 9.15 p.m. Bank of Canton, Annual Mtg., 3 p.m. 10-Dog and Cat Show at St. John's Palace. Second round of H.K.V.D.C. Mixed Foursomes due to be completed. Shield Soccer, Semi-final. 11-Seven-a-Side Rugby Tournery at Happy Valley, 4.30 p.m. 12-H.K. Land Investment and Agency Co. Ltd., Annual Mtg., noon. 13-Fourth H.K.V.D.C. Camp ends. Soccer: Chinese Federation v. United Services. K.C.C. Variety Concert in aid of B.W.O.F., 9.15 p.m. Seven-a-Side Rugby Tournery at Happy Valley, 4.30 p.m. 14-Army Inter-Unit Cross-Country Race from P.W.D. ground. Chess Championship Continued. 15-St. Patrick's Society, Dinner Dance, Peninsula Hotel, 8.30 p.m. Claims against estate of Sybil Ruby Challenger due. Licensing Board Election, Urban Council Chamber, 4.30 p.m. Raub Australian Gold Mining Co. Ltd., Fourth Interim Dividend payable. 16-Seven-a-Side Rugby Tournery (Finals), 4.30 p.m. 17-Fanning Hunt and Race Club, St. Patrick's Day Meet at Kwant, 2.45 p.m. 18-Chess Club, Ladies' Advisory Committee, Bridge and Mahjongg Drive, 3 p.m. Claims against estate of Alfred Edmund Hatch due. 20-H.K. Rope Manufacturing Co. Ltd., Annual Mtg., 10, Des Voeux Rd. C., 11.30 a.m.

Radio Programmes

HONGKONG

Z On Wavelengths of 355 metres (845 k.c.s.) 21.49-
W metres (8.52 megacycles).

HERBERT AND BERNHARD RUFF FROM THE STUDIO

"La Tosca" Acts 2 and 3
12.15 p.m. Short Service of Intercession.
12.30 Moussorgsky—Pictures At An Exhibition.
Boston Symphony Orchestra conducted by Serge Koussevitzky.
1.00 Local Time Signal and Weather Report.
1.03 Piano Duets by Wiener and Debus.
Fox-Trot — Strike Up The Band; Blues — Harlem Blues, Tango—La Cumparsita; Garufa.
1.15 Dance Music by Bob Crosby and His Orchestra.
Fox-Trots—Pagan Love Song; Come Back, Sweet Papa, Swing—Skaters Waltz in Swingtime, Blues—Wolverine Blues, Fox-Trot—Cross Patch.
1.30 Reader and Rugby Press, Weather Forecast, and Announcements.
1.45 Selections from Gilbert and Sullivan's "The Yeomen of the Guard".
Overture—Light Opera Orchestra; When Madmen Love, the Site and Signs—Nellie Briarcliffe (Contralto) with Orch. Tower, Warders, Under Orders—Henry Millidge and Chorus. When Our Gallant Norman Foes—Dorothy Gill and Chorus. Were I Thy Bride—Nellie Briarcliffe (Contralto). Oh, Sergeant Meryll, Is It True?—Peter Dawson (Bass-Baritone) and Chorus. Forgive My Friends—Derek Oldham, Nellie Briarcliffe, Ole Shemwell and Male Chorus. Oh! Private Buffoon is a Light-Hearted Loon—George Baker (Baritone).
2.15 Close down.
2.45 Studio—Children's Hour.
2.45 Closing Local Stock Quotations.
2.47 Swing Music.
Annie Laurie; Blue Skies—Maxine Sullivan (Vocal) and Her Orchestra. Fox-Trots—Some Sweet Day, Shim-Me-She-Wabble—Miff Mole's Molars.
7.00 London Relay — "Pictures in the Fire".
Major J. T. Gorman on Military Traditions and Customs. Music by the Welsh Guards.
7.30 London Relay—The News.
8.00 Local Time Signal, Weather Report and Announcements.
8.03 Studio—Two Piano Recital by Herbert and Bernhard Ruff (from the Gloucester Hotel).
8.23 Sidney Torch at the Organ. Torch Tunes of the Times—Intro: I Go For That; Deep Purple; Gotta Get Some "Shut-Eye"; Hold Tight; I Promise You; I Miss You In The Morning; The Merry-Go-Round Broke Down (Friend and Franklin).
8.33 Jack Hyton and His Orchestra.

Fox-Trots—Lord and Lady Whoosta (film "Gangway"); When You Gotta Sing, You Gotta Sing (film "Gangway"); Waltz—Love Live For Ever and Ever; My Heart (Operetta "Paganioli"); Fox-Trot — Gangway (from the film).
8.45 Studio—Talk on "Yunnan" by the Rev. J. E. Sandbach.
8.45 De Falla — "Three Corners Hat" Suite.
New Light Symphony Orchestra conducted by Dr. Malcolm Sargent.
9.15 London Relay—News Summary.
9.30 London Relay — Vive La France.
The first of a series on the Life of the French Army and People.
9.45 Interlude.
Martial Moments (arr. Aubrey Winter)—The Band of H.M. Coldstream Guards.
9.50 Puccini's "La Tosca" Acts II and III.
Singers in order of appearance: Appollo Granforte (Baritone); Giovanni Azimonti (Bass); Nello Paldi (Tenor); Carmen Melis (Soprano); Pieri Pauli (Tenor) and Giuseppe Bottini (Boy Soprano) with the Orchestra of La Scala, Milan, conducted by Carlo Sabajno.
11.00 London Relay—"Background to the News".
11.15 Close down.

SHORT WAVE

DAVENTRY
Calls Wavelength
G.S.G. 17.775 m. (16.50 m.)
G.S.B. 8.51 m. (31.50 m.)
G.S.E. 21.47 m. (21.77 m.)
G.S.O. 13.18 m. (18.77 m.)

NEWS IN ENGLISH
Transmission I—News Summary 4.00 p.m.
Full Bulletin 5.00 p.m.
Trans II & III—News Summary 6.45 p.m.
Full Bulletin 7.30 p.m.
do. 8.15 p.m.
do. 12.00 mid-night
Transmission V—News Summary 7.30 a.m.
Full Bulletin 8.30 a.m.

SHORT TALKS FROM B.B.C.

(All Hongkong Time)
Mondays — Background to the News 11.00 p.m.
Tuesdays — Background to the News 8.15 a.m.
In England Now 11.00 p.m.
Cards on the Table 6.00 p.m.
Wednesdays — In England Now 6.45 a.m.
Cards on the Table 8.15 a.m.
Matters of Moment 11.00 p.m.
Thursdays — Matters of Moment 6.45 a.m.
Background to the News 11.00 p.m.
Fridays — In England Now 11.00 p.m.
Saturdays — In England Now 6.45 a.m.
London Log 8.30 p.m.
London Log 11.15 p.m.
Sundays — London Log 6.45 a.m.

"All Quiet On The Western Front" At The Majestic

With Europe in the thick of another titanic war "All Quiet On The Western Front" recognized as the greatest war film ever made, has been released in its original uncensored version for the first time.
The history making film, winner of five international awards, will open tomorrow at the Majestic Theatre with many dramatic scenes that could not be shown during its original release.
Restoration of the censored scenes, ample re-editing and modernization of the film, accomplished by Universal experts only last week, have resulted in the new production of a film which will strike as deeply into the hearts of men, women and children everywhere as did the original "All Quiet" almost a decade ago, in the opinion of those who have viewed the re-issue.

21-Chess Championship Continued.
H.K. Electric Co. Ltd., Annual Mtg., 11 a.m.
22-Good Friday.
United Service of Christian Witness in Kowloon, 11.30 a.m.
St. Andrew's Club, Whist Drive, 8.45 p.m.
Golf: Happy Valley Golfers v. Kowloon Golfers.
Claims against estate of Herbert Hatch due.
23-Portuguese Company St. H.K. V.D.C. Annual Dinner, Club Lusitano, 7.30 p.m.
24-Easter Sunday.
Golf: Shanghai Visitors' Cup; semi-final of Mixed Foursomes due to be completed.
28-Chess Championship Continued.
29-Institute of Engineers: Lecture on "Chemical Warfare" by Wing-Com. A. H. Steele-Perkins.
H.K. Police Dance in aid of B.W.O.F., Peninsula Hotel.
31-Kowloon Bowling 'Green' Club, Redemption of Debentures.

New Tarzan Film Creates Record

The Hongkong Office of Metro-Goldwyn-Mayer has received a telegram from the Shanghai Office that the production entitled "Tarzan Finds A Son" on Tuesday completed the twentieth consecutive day of exhibition at the Rixy Theatre, and the indications were that the picture would probably run for a solid month. It has also already grossed well over \$100,000.
Although the run has not yet been completed, the picture has created an all-time record both for the sustained duration of a run as well as for the intake at the Box Office.
"Tarzan Finds A Son" is scheduled to play at the Queen's and Alhambra theatres sometime during the month of March.

UNCLAIMED TELEGRAMS

The following unclaimed telegrams are lying at the office of the Great Northern Telegraph Co. (Ltd.):—
Sek Chin Keung, 317 Luk Kwok Hotel from Shanghai.
Louis Rondon from Shanghai.
Yue Wo Loong, 47 Bonham Strand W. from Shanghai.
Tong Tse Man, 15- Leighton Hill Rd. 2nd Fl. from Shanghai.
Hang Mow c/o Yee Tai Hong from Shanghai.
Y. Morimoto Matsubara Hotel from Tashima.
Graham Trading from Kobe.
Fuchs Pahlajral, Wyndham Street from Kobe.
St. Mary's School will hold a Bazaar in aid of War Orphans at No. 182, Austin Road, on Saturday and Sunday, from 10 a.m. to 8 p.m. each day. Souvenir tickets have been issued at \$1 and 60 cents each.

KING'S

SHOWING TO-DAY AT 2.30, 5.10, 7.15, & 9.30 P.M.

GRAND DOUBLE ATTRACTION!



ARTURO GODOY

See the EXCLUSIVE
MOTION PICTURE of
the WORLD'S HEAVY-
WEIGHT CHAMPION-
SHIP FIGHT fought at
Madison Square Garden,
New York on 9th
February, 1940. A 15-
Round Bout.



JOE LOUIS

TOGETHER WITH



Johnny DOWNS • Mary CARLISLE
Constance MOORE • Eddie QUILLAN
Matty MALNECK and his Orchestra
Sol HOFFER Hawaiian Band

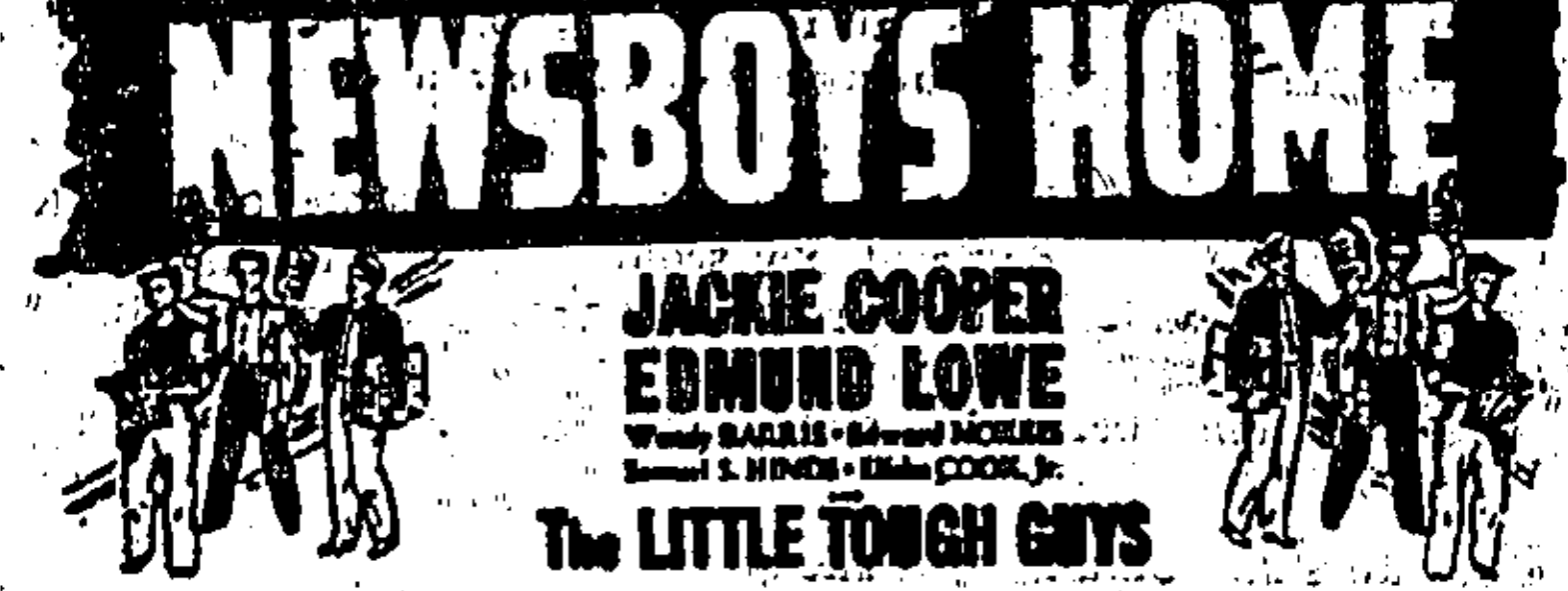
Hawaiian Nights
Starring GIBBARDY • STROUD'S WINGS
Princess LUANA • Prince LEILEI
A NEW UNIVERSAL PICTURE

NEXT CHANGE STAN LAUREL & OLIVER HARDY in
United Artists Picture **A CHUMP AT OXFORD**

ORIENTAL THEATRE

LAST 4 TIMES TO-DAY

DRAMA DRAINED FROM THE FIGHT FOR LIFE!
NEWSBOYS BATTLE—TRUCKS SMASHED—RIOTS RAGE!
They had to fight for the right to live in a world that had
no place for them, a most exciting drama.

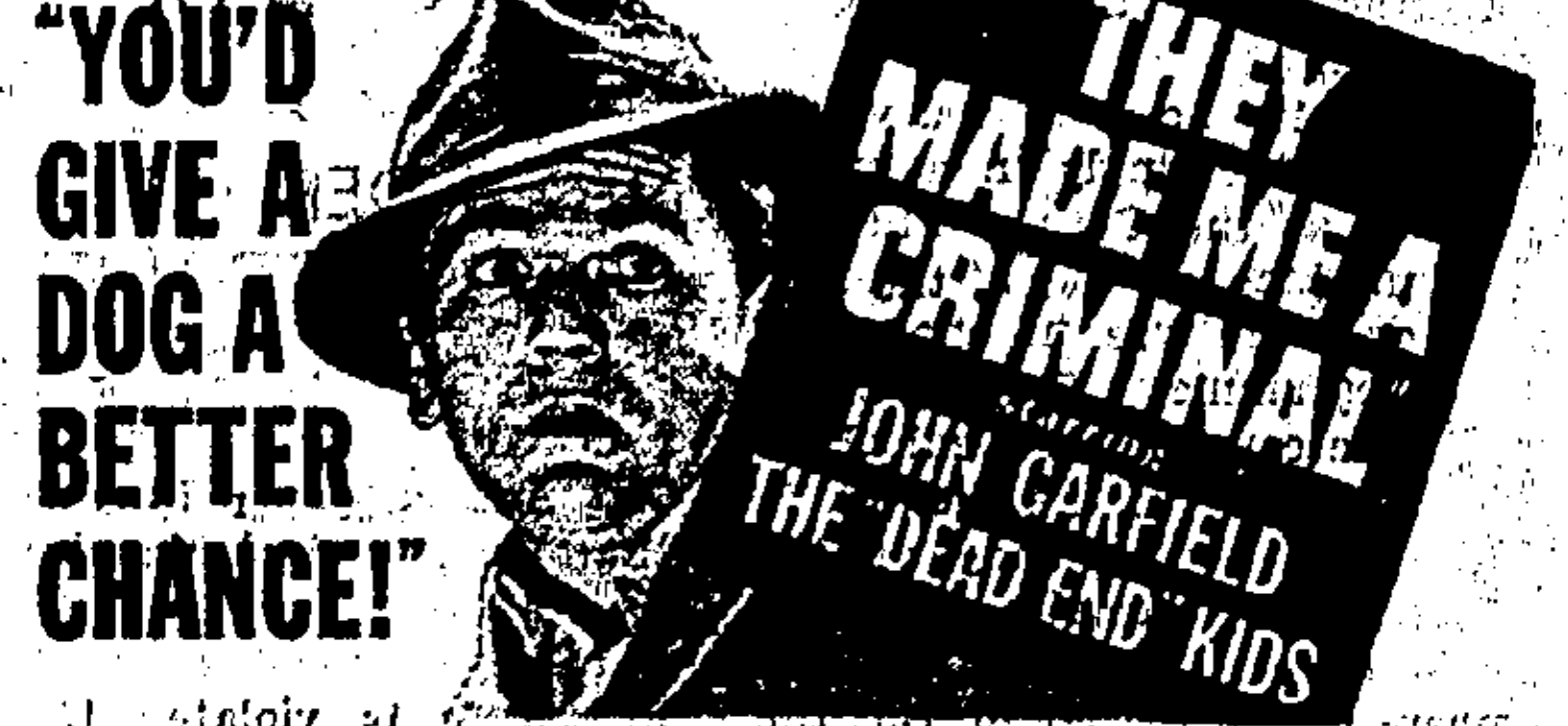


JACKIE COOPER
EDMUND LOWE
The Little Tough Guys

TO-MORROW AND SATURDAY

ANGUSHED STORY OF A MAN'S LIVING DEATH!

A murder suspect hiding from the arm of the law.



CLAUDE RATHS-ANN SHERIDAN-MAY ROSSON-GLORIA DICKSON
DIRECTED BY BUSBY BERKELEY • A WARNER BROS. PICTURE

MATINEES: 20c-30c • EVENINGS: 20c-30c-50c-70c

CATHAY

DAILY AT 2.30, 5.15, 7.20, 8.30 P.M.

MATINEES: 20c-30c • EVENINGS: 20c-30c-50c-70c

TO-DAY, ONE DAY ONLY!

NOT SINCE LON CHANEY



MAUREEN O'SULLIVAN
FRANK LAWTON

TO-MORROW & SATURDAY, TWO DAYS ONLY!

2 FEATURE HITS IN ONE SHOW!

ADDED!
THE MARCH OF TIME
presents
"The Battle Fleets
of England"



...Every Month as long as they live comes a check that pays for everything

A lump sum may not last a lifetime—
a monthly income is guaranteed to
Enquire to-day from—

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MANUFACTURERS LIFE
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Celebration Of New Life Movement Anniversary

The sixth anniversary of the New Life Movement was marked by large-scale celebrations in Chungking. Beginning February 19, an eight-day programme was unfolded, featuring a number of campaigns, including the call for Friends of the Wounded, the anti-opium movement, conscription, sports and spiritual mobilization.

As cleanliness and order are among the aims of the New Life Movement, hundreds of boy scouts, members of the Kuomintang youth corps, and elder refugee children were on duty in various sections of the city to supervise street-sweeping and to help maintain order at bus stops, wharves, and public recreation grounds.

Generalissimo Chiang Kai-shek, founder of the New Life Movement, broadcast a speech, officially announcing the formation of three societies. They are the Friends of the Wounded, the Chinese People's Anti-Opium Association and the Chungking Athletic Promotion Association.

February 19, the anniversary day, was observed fittingly in a public ceremony at the Cathay Theatre. The Chungking chapter of the New Life Movement was in charge of the programme. Twenty-seven couples were united in wedlock in a mass wedding at the theatre.

The drive for Friends of the Wounded was formally launched. The aim was to secure 100,000 members before March 10. But the actual number of people joining the society will be several times more than the original 100,000 mark. Dr. H. H. Kung, chairman of the campaign, spoke over the radio on the New Life Movement and the Friends of the Wounded.

ANTI-OPIMUM DRIVE

The anti-opium drive was featured on February 20. In the morning, a large quantity of opium and smoking paraphernalia seized by the local police during the last few months were burned in public. Dr. Chang Po-ling, chairman of the executive committee of the Chinese People's Anti-Opium Association broadcast in the evening.

A party for those who have voluntarily joined the colours and for their families, took place on February 22. Edibles were given away in packages, and an entertainment programme was followed by a procession. The importance of conscription during time of war was emphasised in all printed matter distributed on that day. General Ho Ying-chin, Minister of War, spoke on conscription.

February 23 was a special day with its programme undertaken by women's organizations. In a city-wide campaign thousands of pairs of shoes were collected for the soldiers.

General Chang Chun, secretary-general of the Supreme National Defence Council, will broadcast a speech on New Life Movement and Spiritual Mobilization.

The New Life Movement aims at the promotion of a regulated normal life guided by the four

STRANGE AS IT MAY SEEM

NAZI DEFINITIONS OF NEUTRALITY & AGGRESSION

LONDON, Feb. 28 (Reuter)—The Ankara paper Ulus states that the Classical Meaning of neutrality has been modified by Germany, which deems that neutral ally is violated if any states decline to sell her goods at her prices or, accept the restrictions of contraband control or combine to preserve their independence—in short, unless they serve the aims of her foreign policy.

AGGRESSION

The meaning of aggression has suffered strange changes, thus the Germans are not aggressors in Poland. The Allies were aggressors for trying to thwart that attack.

When she destroyed Czechoslovakia, Germany was only defending herself against her victim. The partition of Poland was merely an act of self-defence and the Poles, by resisting, were the aggressors.

Such new definitions have, at least, the merit of throwing light on German policy. The Istanbul paper Yenissabah says "Mr. Chamberlain's speech was sincere, as always. It was moderate in tone, but this was not due to fear, as Britain is stronger militarily and politically than at the outbreak of war."

virtues of Li, I, Lien and Ch'ih, which are equivalents of Propriety, Justice, Integrity and Conscientiousness, embodying the wisdom of the ancients and containing the essential principles for the promotion of morality.

The Generalissimo is the chairman of the New Life Movement. Madame Chiang is director of its Women's Advisory Committee. (C. I. C.)

SUIYUAN'S "FORGOTTEN ARMY" IS ACTIVE

Active in Japanese "occupied" central and eastern Suiyuan, but unknown to the outside world, is Suiyuan's forgotten army. Organized in September, 1937, or 10 weeks after the Marco Polo Bridge Incident, this army is made up of Suiyuan gentry, educated young men, party workers, local militia, and peace preservation corps. It has at the present 9,000 mounted warriors. General Fu Tso-yi, Governor of Suiyuan, is in command.

This forgotten army, officially known as the Suiyuan People's Self-Defence Army, is probably the first people's army organized after the outbreak of the present war. It also distinguishes itself as the first army organized and commanded by provincial people and party workers.

A \$50,000 subsidy was given by the government when the army was first organized. It has fought unceasingly for the defence of Suiyuan, and is still active behind enemy lines.

Commanded by 60-year-old Chang Ching, the forgotten army started with only 3,500 men. After fall of Suiyuan city and Paotow, regular troops in this district evacuated to western Suiyuan. The forgotten army, however, turned back and made the familiar Tachingshan (Great Green Mountain) range its base for guerrilla operations.

NO PUBLICITY

The most spectacular of its activities was the raid on Suiyuan city on December 21, 1937. For five hours during the night, the army's three hundred men took possession of the city, killed more than 30 Japanese, burned Japanese and puppet offices, captured large amounts of goods, and left with only a few men wounded. The forgotten army had no press agent, and the victory received no publicity.

The Japanese garrison in Suiyuan made many attempts to "mop up." The Tachingshan base was invaded no less than six times by Japanese mechanized units with the help of airplanes. In such circumstances, the forgotten army was forced to retreat. They had to spend days exposed to the bitter wind, snow, and rain with whatever little provisions they carried. Many of their men were forced to wear their rugged fur coats during the summer months. But they kept on fighting and succeeded in cooperating with other Chinese units in central and eastern Suiyuan.

The existence and service of the army was later made known to the authorities. Beginning in June, 1938, it was given a monthly appropriation of \$10,000. The amount was further increased to \$30,000 in February, 1939. Since then, these forgotten warriors have been paid \$2 a month.

From four brigades of about 3,500 men, the army has grown to seven brigades with about 9,000 mounted fighters. Besides local farmers and youth, most of the army's new comrades come from the puppet army in Suiyuan. They were won over by the army's secret agents.

RAW RECRUITS

The fighting calibre of the forgotten army cannot be compared with that of the regular army as it is composed of raw recruits. To overcome this difficulty, the army has organized a training class for its officers since the latter half of 1939. One month's training is given to these men in rotation to make them better fighters. And the army hopes to be able to grow into a stronger force behind enemy lines.

The Tachingshan range lies north of Suiyuan city, between Wuchuan and Kuyang. It is a natural barrier between central and northern Suiyuan and protects the provincial capital from the Mongolian grassland and deserts. The terrain is most fitting



M. L. Mechlis, chief of the political division of the Red Army.

Common Path For Durable Peace

PRES. ROOSEVELT'S MESSAGE TO POPE

VATICAN CITY, Feb. 28 (Reuter)—President Roosevelt, in a message to the Pope, concerning the appointment of Mr. Myron Taylor, says: "I should be very happy to know that he will form a focus for all the views that Your Holiness and I may desire to exchange in the interest of concord between the peoples of the world."

SINCERE HOPE

"I have asked Mr. Taylor to give my cordial greetings to Your Holiness, in the sincere hope that our common ideal of religion and humanity may show itself in a common path for the re-establishment of a more durable peace, founded on liberty and security of life and with the integrity of all nations under the protection of God."

for a guerilla base as the numerous ridges and valleys provide good retreats and hide-outs.

Its proximity to Suiyuan city and the Peiping-Suiyuan Railway brings it within reach of communication arteries and Japanese garrisons. The numerous small villages in the range also provide the army with shelter and provisions.

Anxious to get rid of these marauders, the Japanese have, since last year, proclaimed a rigid blockade against the place by ordering the evacuation of all residents around the mountain range. They have been ordered to kill all people and burn all houses and foodstuffs found in the mountain range. Large numbers of innocent farmers, who had for generations lived in the Tachingshan, were killed and their property destroyed.

But the forgotten army is still strongly lodged in its Tachingshan base for guerilla operation. (C. I. C.)

CONFLICT BETWEEN YOUTH

LONDON, Feb. 28 (Reuter)—Lord Halifax, addressing members of the University of Oxford as Chancellor of the University, declared that the conflict today was between youth and youth and this was the kernel of our future problems.

DRIVING FORCE

"What has been the driving force behind the Nazi movement? It has been the German youth."

"Deliberately deprived, as they have been, of the elements of true judgment, it is they who made the movement and still sustain it."

"They have their own ideals, which, to our minds, are distorted, but for which hundreds of thousands of them are prepared, without a moment's hesitation, to sacrifice their lives."

"There is what seems an impenetrable barrier dividing from them, which somehow must be broken down."

Lord Halifax urged his hearers to be so proud of the race to which they belonged that they would be as jealous of its honour as its safety.

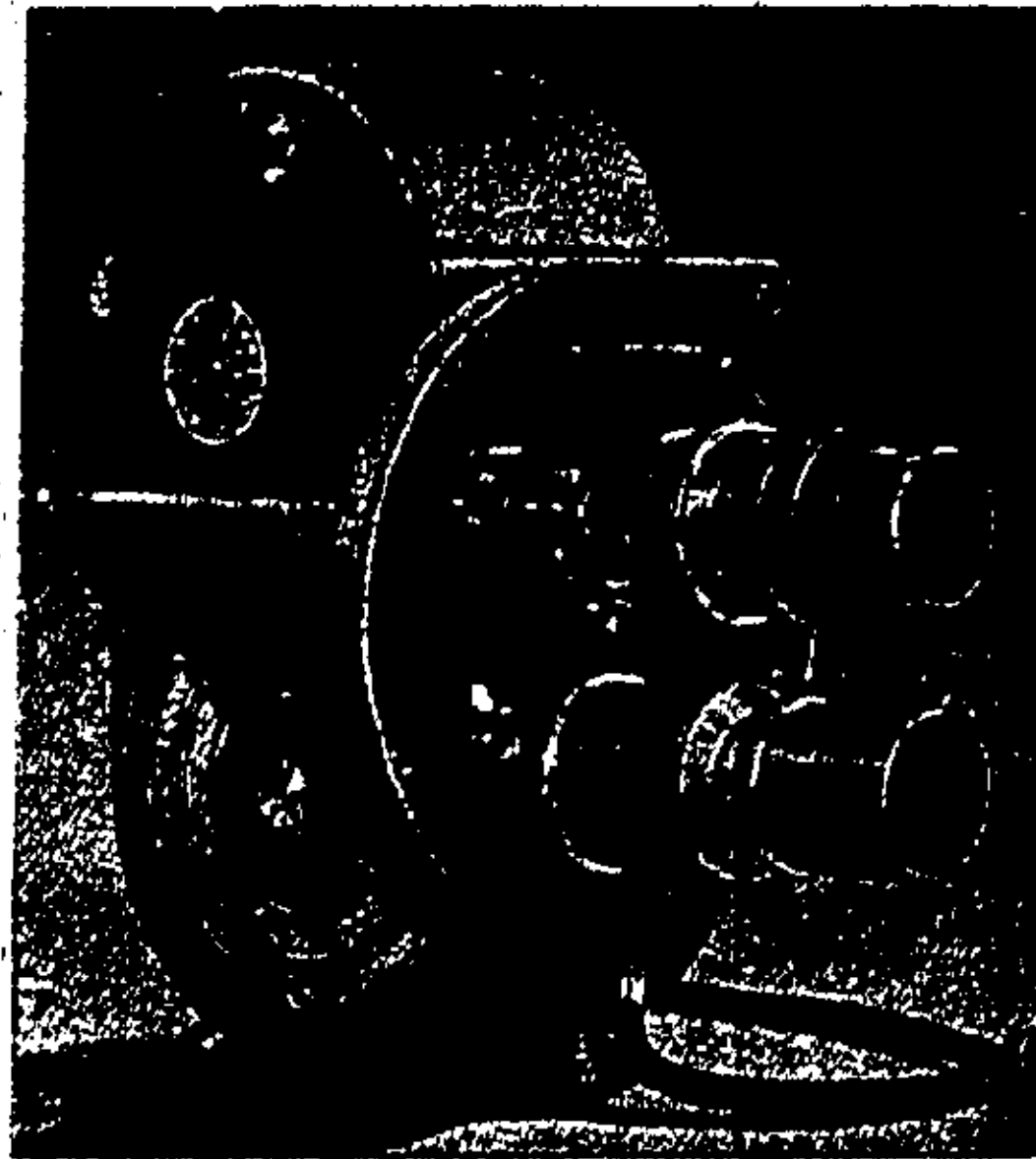
SOCIAL EDUCATION PROMOTION

CHUNGKING, Feb. 28 (Central)—The Ministry of Education has awarded a sum of \$10,000 to a number of high and primary schools in Chekiang, Kweichow, Szechwan, Chinghai, Hopei, Hunan, Hupeh, Ninghsia, Sikang and Chungking as grants-in-aid for their good work in the promotion of social education in their respective localities.

\$30,000 FOR BOOKS

To propagate Kuomintang principles, the Ministry of Education has spent a sum of \$30,000 for the purchase of books relating to the teachings and speeches of the late Dr. Sun Yat-sen, and collections of Generalissimo Chiang Kai-shek's speeches and other works, for distribution to the people's libraries throughout the country.

BUY YOUR SECOND MOVIE CAMERA FIRST!



Beginners often make the mistake of thinking: "I'm no expert, I don't need a fine movie camera." But though you may not be an expert now, you soon will be and then you may not be satisfied with a camera which imposes restrictions on the quality or variety of movies you can make. So get your second camera first... one which will satisfy you for years to come... and get fine movies from the start!

You need go no farther than this page to find such a camera... a Filmo!

Above: Filmo Turret 8. Mounts three lenses and matching finder objectives on turret for instant readiness for all picture opportunities. Also has straight-through-the-lens critical focuser and new "positive" finder. With F2.5 lens and speeds 16, 32, 48 and 64.

Right: Filmo 8 "Sportster." Palmsize, with single lens seat and F2.5 lens, has four speeds 16, 32, 48 and 64 (slow motion) f.p.s. Also has automatic reset film footage dial and other de luxe features.



FILMO DEPOT

3RD FLOOR, MARINA HOUSE

TELEPHONE 32153

AGENTS FOR: BELL & HOWELL CO., CHICAGO

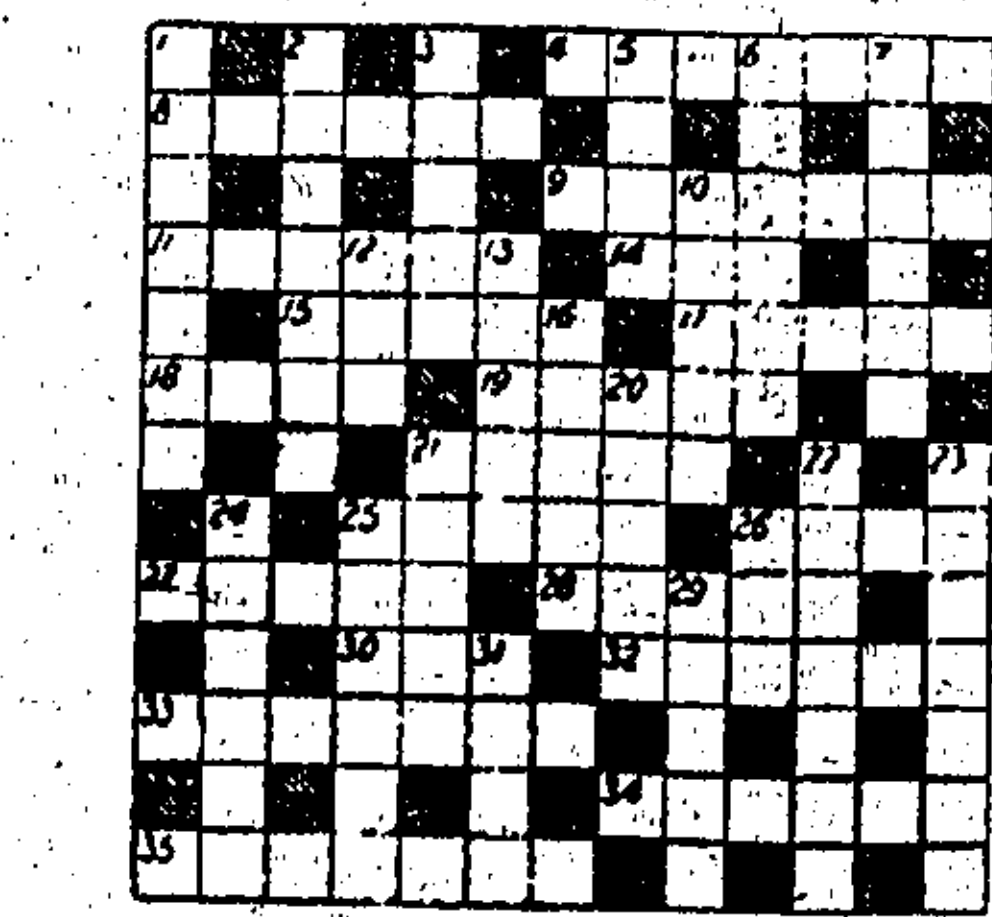
CROSSWORD NO. 546

ACROSS

- 4 Tiny globe
- 8 Rope
- 9 Shrieking
- 11 Shuts
- 14 Chum
- 15 Brandish
- 17 Storms
- 18 Paradise
- 19 Protected
- 21 Shun
- 25 Perfume
- 26 Summit
- 27 Merriment
- 28 Upright
- 30 Colour
- 32 Snare
- 33 Lauded
- 34 Turning point
- 35 Holy war

DOWN

- 1 Pow
- 2 Permitted
- 3 Royal reception
- 5 Noose
- 6 Folk song
- 7 Stay back
- 10 Carried on
- 12 Wickedness
- 13 Serf
- 16 Bee
- 20 Bishop's hat
- 21 Pains
- 22 Lady performer
- 23 Disdain
- 24 Looking glass
- 25 Denudes
- 26 Deed
- 29 Insertion
- 31 Deceased



SOLUTION TOMORROW

LARGE ATTENDANCE AT FUNERAL OF MR. JOHN DAVID HUMPHREYS

The funeral took place at the Colonial Cemetery yesterday of Mr. John David Humphreys, who died at the War Memorial Hospital early yesterday morning. The late Mr. Humphreys, who was 47 years of age, was the head of the firm bearing his name.

Deceased was well-known in the Colony and was a popular sportsman, having represented Hongkong in Interport Cricket in 1928.

He is survived by his father, Mr. Henry Humphreys, now residing in Victoria, B.C., and two sisters.

A large gathering of friends was present at the funeral. The Rev. A. P. Rose officiated.

Among those attending were:—

Hon. Mr. A. L. Shields, Hon. Mr. T. E. Pearce, Mr. Justice R. E. Lindell, Mr. J. W. Alabaster, Messrs. R. Sleep, A. Tarrant, F. W. Stapleton, L. Guy, H. J. Tebbutt, W. A. Cornell, A. Andrews, W. H. J. Jolliffe, J. E. Jupp, C. B. Brown, S. F. Chubb, H. R. B. Hancock, P. S. Cassidy, S. T. Williamson, P. Tester, H. S. Lee, G. S. Hugh-Jones, E. M. Raymond, J. T. Bagram, E. J. R. Mitchell, Alfred Humphreys, L. C. F. Bellamy, B. Williams, D. E. Clark, H. G. Sheldon, D. L. Newbigging, L. E. N. Ryan, G. G. Wood, A. S. MacKichan, S. H. Ross, D. G. Clark, F. C. Hall, C. B. Brown, R. H. Wild, I. Shewan, P. C. Potts, H. Blake, A. H. Penn, M. H. Turner, E. Davidson, J. H. Taggart, A. Morse, A. W. Hughes, R. A. Wadeson, D. G. Williams, H. J. Armstrong, E. W. Dunbar, S. W. Addison, A. Jackson, H. F. Sullivan, W. Paterson, J. L. Quile, S. K. Wong, K. H. Ling, Y. C. Ngai, K. P. Chan, T. Lock, P. C. Pang, W. C. Lee, Peter Wong and Wong Kit-wan.

THE WREATHS

Wreaths from Father and Irene, VI and Maurice and Dorothy and Douglas were interred with the casket. Other wreaths were sent by Dinah and Everest, Goddard and Douglas, Edmund and Faith, Stella, Frank Chubbett and Christopher, Bruno and Auntie Nell, Doll and A. Nish, Joan Smakey, Dorothy and Jack Macgregor, Henry and Betty Tabbit, Mrs. Capell and family, Mrs. Hindmarsh, Mr. and Mrs. A. D. Humphreys, Mr. and Mrs. J. Jones, Mr. and Mrs. John E. Potter, Mr. and Mrs. J. H. Taggart, Mr. and Mrs. R. A. Wadeson, Mr. and Mrs. D. E. Hillier, Mr. and Mrs. A. Hyde-Lay, Mr. and Mrs. A. F. Walkden, Mr. and Mrs. D. L. Newbigging, Mr. and Mrs. Victor Ma-

mak, Mr. and Mrs. D. F. Ländale, Mr. and Mrs. S. T. Butlin, Mr. and Mrs. J. R. Collis, Mr. and Mrs. G. G. Stopant Thomson, Mr. and Mrs. S. T. Williamson, Mr. and Mrs. Wm. Paterson, Mr. and Mrs. A. H. Potts, Mr. and Mrs. E. M. Raymond, Mr. and Mrs. Stanley Mason, Mr. and Mrs. D. Benson, Mr. and Mrs. A. C. Ellis, Mr. and Mrs. A. Martin, Mr. and Mrs. A. Andrews, Mr. and Mrs. W. H. Jolliffe, Mr. and Mrs. J. Scott Harston, Mr. and Mrs. Bill Williams, Mr. and Mrs. R. H. Wild, Dr. and Mrs. Alliston Gourdin, Captain and Mrs. T. W. Burdred;

Messrs. G. G. Wood, H. S. J. Kong, P. S. Sham, J. L. Quile, D. Wilson, D. E. Hindmarsh, G. W. Sewell, J. A. Tarrant and Miss Bertha Tarrant, H. Q. Macnamara, R. Sleep, F. O. Wong, Peter Wong, J. J. Gibblison, D. Forbes, T. Ramsay, Beryl Drakeford, H. Hallgren, E. V. Searle, R. Pestonji, S. Berg, H. Dreyer, C. Black, A. van Langeenberg, C. V. Mark, J. Gibblison, G. A. Lawrence, J. R. L. Stanton;

John D. Humphreys and Son, Staff, Humphreys Estate and Finance Co., Ltd.; Humphreys' Workmen, May Road; Humphreys' Workmen, Kowloon; Staff General Office, the European Staff, North Point Factory, Staff, Advertising Department, Chinese Dept., the Canton Staff, the Staff, Hongkong Dispensary, Staff, Warehouse Dept., North Point, Staff, Wine and Spirits Dept., Staff, Aerated Water Factory, Staff, Warehouse Dept., Chinese Staff, North Point Factory, all of A.S. Watson and Co., Ltd.; Harold F. Shields and Staff; the Hongkong and Shanghai Hotels, Ltd.; the Committee and Members of the Hongkong Club; President, Committee and Members of the Kowloon Cricket Club; Gregg Publishing Co.; Traffic Staff, Peak Tramways Co., Ltd.; the Jardine Engineering Corporation; Messrs. Deacons; the Old Cheltonian Society of China; Messrs. Luen Fook Hong, Ltd.; Yat Sun Printing Co.; Man On and Co.; Ying Kwong Electrical Co.



Mr. A. C. Perry and his bride, formerly Miss A. L. Vernonoff, after their marriage at St. Andrew's Church, Kowloon, yesterday morning. The Rev. J. R. Higgs, B.A., F.R.G.S., Vicar, officiated while the best man was Mr. P. Winter-Blyth. A reception was held at No. 28 Mody Road in the evening after which the happy couple left on a Dutch steamer for their honeymoon which is to be spent in Singapore.

Compulsory Blackout On March 5

A compulsory blackout exercise will take place on the evening of March 5.

Twenty minutes after the sounding of the air raid warning siren, the movements of all road transport vehicles may be resumed, but all lights must remain obscured, and must not return to normal lighting conditions until the "raid-ers passed" signal has been sounded.

The port will be closed between the hours of 7 and 9 p.m. The obscuration of all lights must be affected by using either black or blue material, or black or dark blue paint—in all cases two thicknesses must be used.

AIR RAID SIGNALS The commencement of the exercise will be indicated by the sounding of the air raid warning signal namely a fluctuating blast from electric sirens extending over a period of three minutes, followed by the extinction of all street lighting.

The "raid-ers passed" signal will be indicated by a steady blast from electric sirens extending over a period of three minutes, followed by the resumption of street lighting.

In the New Territories, all lights in premises of every description must be either extinguished or obscured as from 7.45 until 8.45 p.m.

ACCUSED WEEPS AT SESSIONS

CHINESE GIVEN FIVE YEARS

Found guilty on charges of receiving stolen letters, uttering a forged document and demanding money on a forged document, Ho Ming was sentenced to five years' hard labour, by Mr. Justice R. E. Lindell, at the Criminal Sessions yesterday.

The Judge remarked that if the accused had committed the offence in his own country he would undoubtedly have been shot. Fortunately for him, English law was more merciful. In the course of giving evidence on his own behalf, the accused wept bitterly and stated that he had been made a dupe by a man named Mak Chi, who had told him he had received a letter from a relative in Manila.

Mr. J. P. Murphy, Assistant Crown Solicitor, prosecuted, assisted by Det-Sgt. D. G. MacPherson, while the jury empanelled comprised Messrs. A. L. Lowe, (Foreman), E. Alaya, Lee Chan-kee, George Bong Wu, K. H. Schenck, Mark Kai-chen and Wong Long-choi.

At Tuesday's hearing, the accused made an offer to turn King's evidence against Mak Chi if the latter had been charged.

CONCERT AT K.C.C. IN AID OF B.W.O.F.

A Variety Concert organised by the U.S.R.C. Working Party, in aid of the British War Organisation Fund will take place at the Kowloon Cricket Club, on March 13, at 9.15 p.m. His Excellency The Governor and Lady Northcote have kindly consented to be present. Tickets can be obtained from: Mrs. Phillips, 28 Kadoorie Avenue, Tel. 57997, and from the Kowloon Cricket Club. Prices: \$1.00 & \$2.00.

MR. D. J. SLOSS ON LEAVE

Mr. D. J. Sloss, O.B.E., Vice-Chancellor of the Hongkong University, left Hongkong yesterday for Europe on leave. Although it is not known how long he will be away from the Colony, it is expected that he will return in a few months.

Mr. Sloss recently suffered a great loss in the death of his wife in England.

Prof. K. H. Digby, O.B.E., will act for the Vice-Chancellor in the latter's absence.

Newsletters

A group of overseas Chinese in Java has remitted \$300 (Chinese currency) to the Central Broadcasting Administration, asking them to purchase a sword and present it to Generalissimo Chiang Kai-shek on their behalf as a token of respect.

The Kiangsi Provincial Government has decided to cure all opium addicts in the provinces of their evil habit by compulsory methods before October. Five factories have been established at Kanchien and Nanchang to provide work for the poor opium addicts.

The authorities in Changsha are taking stern measures against gambling. Many gamblers have been raided and gamblers arrested. An order has been issued to all public functionaries stating that any of them indulging in gambling will be arrested and sentenced to death.

Hector Macmillan, seaman on a merchant ship, had bail of \$300 retailed when he failed to appear at the Central Court yesterday to answer a charge of drunk and disorderly conduct.

H. Ney and children, Mid. C. A. Nicoll, R.N., Mr. G. Pollock, Mr. and Mrs. H. E. Reynell, Mr. C. A. Roberts, Mid. W. E. H. Rodwell, R.N., Miss Steusland.

Increase In Refugees In The Colony

A further increase of 402 in the number of refugees and destitutes in the Colony is revealed in the returns of those accommodated in Government camps, etc., in Urban and Rural Areas, for the week ending Feb. 24.

Urban Areas (Civilians):

King's Park 1,332 against 1,313 on Feb. 17.

Ma Tau Chung 1,224 against 1,194 on Feb. 17.

North Point 1,433 against 1,470 on Feb. 17.

Morrison Hill 487 against 444 on Feb. 17.

Urban Areas (Soldiers):

In Hospital 8 against 8 on Feb. 17.

Argyle Street 705 against 703 on Feb. 17.

Urban Areas (Tai Hang):

Squatters' Camp 782 against 350 on Feb. 17.

Rural Areas:

Kam Tin 1,861 against 1,841 on Feb. 17.

San Uk Ling 310 against 307 on Feb. 17.

Total: 8,102 against 7,630 on Feb. 17.

PASSENGERS

The following passengers left Hongkong yesterday:

Miss Bjornstad, Mrs. Elizabeth Ann Black, Mr. P. Bredye, Mr. and Mrs. G. T. Cooke, Mr. R. E. Dubbin, Lt. R. H. G. Eyre, R.N., Mr. and Mrs. Nicholas Fish, Mr. W. H. French, Mr. Peter D. G. Cain, Lt. Roy Niel Gibb, Mr. A. S. Gubbay, Miss M. Gubbay, Mrs. Iola Gusselman and children;

Lt. R. A. M. Hennessy, R.N., Mr. and Mrs. F. B. Hunt, Mr. J. W. Burt, Lt. Com. D. C. Ingram, R.N., Mrs. D. C. Ingram and child, Mr. J. T. Johansen, Miss M. A. Keatner, Mr. V. E. E. Lindberg, Mr. Thos. Low, Mr. R. G. MacDonald, Mr. F. Marshall, Mid. K. H. Martin, R.N., Capt. D. Menard, Mr. Eric Moller, Mr. H. M. Mowatt, Mr. J. M. Munin, Mr. W. W. Murdoch;

Mr. P. J. Nerwani, Mr. and Mrs.

WHO IS REAL OWNER?

Magistrate Offers Freedom To Aged Chinese In Opium Case

"I will let you go and give you \$5 to start anew, if you will help the police to bring the real owner to court. When he comes into the dock, you go out."

OPIMUM CHARGE

This offer was made by Mr. T. J. Houston, at the Central Court yesterday, to a 71-year-old Chinese, Kwok Shun, who was charged with keeping an opium divan and being in possession of opium and pipes.

Kwok Shun, who pleaded guilty, maintained that he was the owner. To a question as to from whom he had bought the opium, the defendant replied that he had bought it from his friends. His friends were acquaintances and he did not know their names. They came in as customers and also sold him the drug.

NAME WANTED

Magistrate: I want the name of the real owner. You don't want to go to prison for a long term do you? To go to gaol for 12 months may not be very comfortable for an old man and at your age you may not come out alive.

The Magistrate then made the offer quoted above.

Kwok Shun pondered for a while and eventually expressed his willingness to help the police to locate his employer, though he added that he might not be able to find him. Defendant was remanded for 24 hours.

MR. KO SIN YUEN

A charity entertainment was given yesterday afternoon at the Hotel Cecil by Mr. Ko Sin-yuen, Adviser to the Commissioner for Military Affairs of the Central Government, who arrived in the Colony last week.

Mr. Ko, who came from Kaifeng, will be leaving for Chungshan in a few days.

ALLEGED ABORTION ATTEMPT

A 27-year-old spinster, named Wong Kwai-hing, residing at No. 76, Third Street, ground floor, appeared before Mr. T. J. Houston at the Central Court yesterday charged with attempting to procure self-abortion on February 21. She was also charged, together with a stall folk named Lo Yiu, 24, with conspiracy to procure abortion.

A further charge of procuring a drug for the abortion was preferred against Lo.

Detective-Inspector J. O'Donovan was in charge of the prosecution and on his application a week's remand was granted.

GERMANS FROM ASAMA MARU

The Naval Intelligence Centre, H. M. Dockyard, Hongkong, issued the following statement yesterday:—

It is expected that on Feb. 29 nine German nationals who were recently taken from Asama Maru by a British warship will be returned to the Japanese authorities. They are being brought from Hongkong in a British vessel and handed over off Yokohama to representatives of the Japanese Government.

POLICE RESERVIST CHARGED

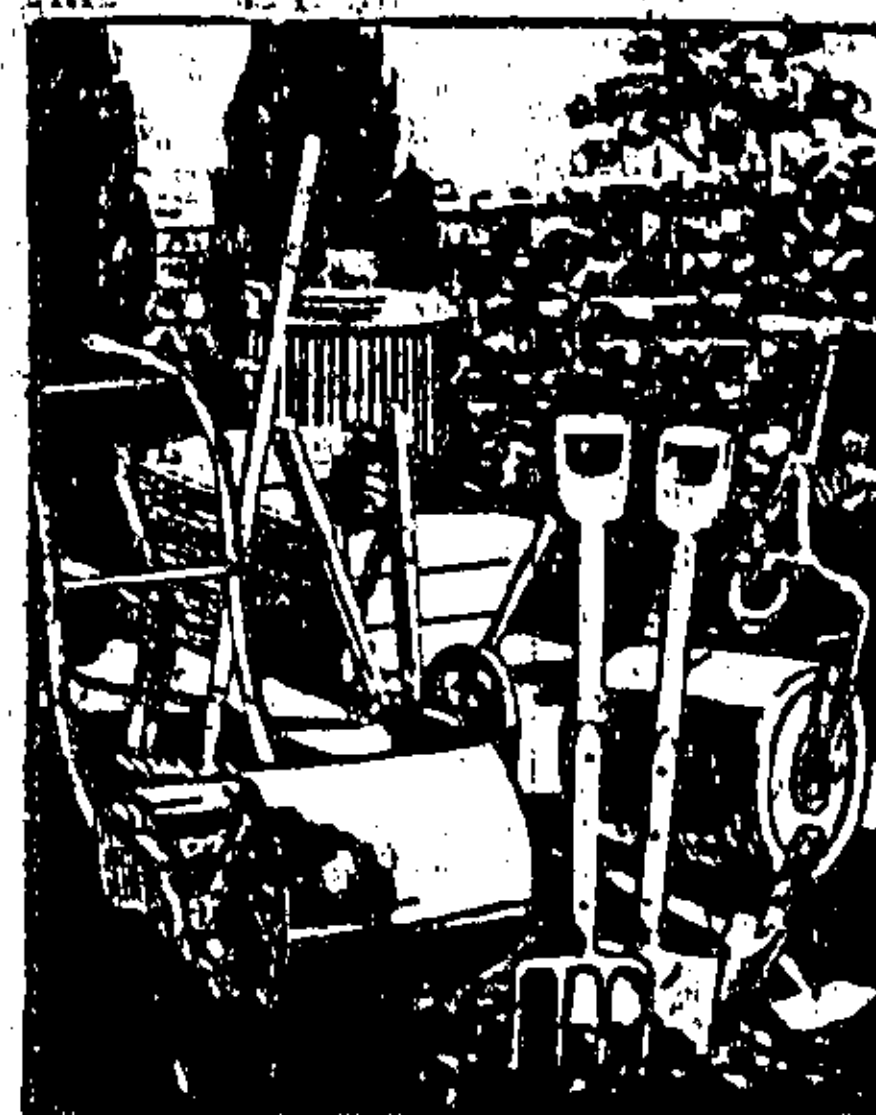
Further evidence was heard at the Central Court yesterday when Ho So, member of the Hongkong Police Reserve, appeared before Mr. R. Edwards on a charge of attempted extortion of \$1,000 from Chan Sik-tim, threatening to accuse Chan of the crime of murder.

The Hon. Mr. M. K. Lo appeared for the defence, while Det-Insp. A. L. Hopkins was for the prosecution. Mr. G. S. Ford held a watching brief on behalf of Chan Sik-tim.

The hearing was further adjourned.

Mr. E. L. Wynne-Jones prosecuted his first case as Labour Officer at Kowloon Court before Mr. Q. A. A. Blackford yesterday when the Manager of the Wah Nam Knitting Factory, of Kiling Street, was summoned for allowing 30 women to work in the factory during prohibited hours. He was fined \$75.

GARDEN TOOLS



"IT has been said that it is the bad workman who complains about his tools: but there is no doubt at all that with better tools a finer job can be done."

First grade

Sheffield Steel—

Fork and Spades. Trowels
Shears, Scythes, Reap Hooks,
Hoes, and Watering cans
Revolving Lawn Sprinklers.

Ransomes

LAWN MOWERS

"The Finest in the World"



LANE • CRAWFORD • LTD.

The House of Quality & Service

Tel. 28151.

A.R.P. ORDERS

A.R.P. Orders by Wing-Commander Steele-Perkins, O.B.E., Director of Air Raid Precautions.

APPOINTMENT

Mr. C. E. Tavares is appointed District Warden, Western Division, H.K.

RESIGNATION

Mrs. R. Maynard, Air Raid Warden, has resigned from the Upper Levels Division.

BLACKOUT EXERCISES

During the forthcoming blackout, all wardens will patrol the areas in the vicinity of their houses and will carry out the instructions which will be given to them by their Divisional and District Wardens.

Dress—Plain clothes, A.R.P. Badge and Armband.
Completion of Exercises—Wardens may consider their tour of duty completed on the sounding of the "Raiders' Passed Signal."

The Director of Air Raid Precautions confidently relies on all wardens to carry out their duties with tact and discretion.

NOTICE

Certain lighting trials will be carried out at Kowloon Hospital during the blackout and wardens in the vicinity are advised that no action should be taken with regard to any lights seen in this building.

BOUNDARIES OF A.R.P. DIVISIONS

The A.R.P. Middle and Upper Levels Division will in future be known as the A.R.P. Upper Levels Division and will have the same boundaries as the Upper Levels Police District.

The Central Division will in future have the same boundaries as the Central Police District.

Personnel and wardens posts previously in the Middle and Upper Levels Division and now under the boundaries of the A.R.P. Central Division will be transferred to the Central Division by arrangements between the Divisional Wardens concerned.

Practical Demonstration

An incendiary Bomb demonstration for English speaking candidates will be held at the A.R.P. Office, Lower Albert Road, on Friday, March 1, 1940, at 5.45 p.m.

By kind permission of the Superintendent of the Fire Brigade, a trailer pump will also be in attendance and the officer in charge will explain the working of this when used for fire fighting purposes.

Practical Course Examination

Students of Mr. Dunlop's class should note that the Practical Course Examination will be held at King's College, Bonham Road, on March 6 and 8, 1940, commencing at 5.30 p.m.

All candidates are warned to bring on the first evening a General Civilian Respirator and a Civilian Duty Respirator. The former will be issued on application to this office.

(Sgd.) H. W. LEYDEN,
Warden Instructor.

KIRIN

The Choice of The Multitude

Sole Agents:—

H. HONDA & CO.

Tel. 20730.

40, Johnston Road, Hong Kong.

USE OUR SPECIAL AEROMAIL

LETTER PAPER & ENVELOPE

PAY LESS ON POSTAGE

Letter Paper ... \$1.50 per 100 Sheets
Envelopes ... \$1.75 per 100

ON SALE AT

HONGKONG DAILY PRESS

15-19, Queen's Road, Central.

Telephone 30251.

NEW ADVERTISEMENTS

G. R. ANNUAL NAVAL CONTRACTS.

Sealed tenders are invited for the following contracts covering the period 1st April, 1940, to 31st March, 1941:—

- Labour & Lighterage for Admiralty Coaling.
- Timber & Timber Materials.
- Making Overalls.
- Oxygen Gas.
- Carbonic Acid Gas.
- Ammonia Gas.
- Acetylene Gas.
- Glass Sheet.
- Supply & Repair of Bamboo Sunblinds.
- Upholstery Work.
- Dyeing & Dry-Cleaning.
- Washing.
- Paraffin. Ordinary Quality.
- Mineral Tar.

2. Forms of tender may be obtained until 5th March, 1940, on application to the Naval Store Officer, H.M. Naval Yard, by whom quotations will be received until noon on the dates specified on individual tenders.

3. The right is reserved of declining the whole or any portion of any tenders and of accepting any portion of a tender.

NOTICE

Clearing Sale of DEMON COOKERS and HEATERS (Kerosene). Apply to Sander, Wieler & Co., in Liquidation, King's Building, 2nd Floor.

NOTICE

THE TAIPO RURAL HOME & ORPHANAGE
134 Milestone, Taipo

The Orphanage will be formally opened on Saturday, 2nd March, 1940.

His Excellency The Governor will perform the Opening Ceremony at 3.30 p.m.

All are cordially welcome.

Buses will leave the Peninsula Hotel for Taipo at 2.00 and 2.15 p.m. and will return at 4.30 and 4.45 p.m.

Reservations must be booked beforehand at the Hong Kong or Peninsula Hotel where tickets are obtainable at \$1 per Return Trip.

THE RAUB AUSTRALIAN GOLD MINING CO., LTD.
(Incorporated in Queensland)

Notice of Declaration of Fourth Interim Dividend.

NOTICE is hereby given that a Fourth Interim Dividend of six pence per share for the financial year ending 31st March, 1940, has been declared by the Directors of the Company in Brisbane, payable on 15th March, 1940, to Shareholders on the Registers at Brisbane and Singapore on 14th March, 1940.

NOTICE is also hereby given that the Singapore Transfer Registers will be closed from Friday, 8th March, to Thursday, 14th March, 1940, both days inclusive, for the preparation of Dividend Warrants.

By Order of the Board,
DERRICK & CO.,
Chartered Accountants,
Local Secretaries.
Hong Kong Bank Chambers,
SINGAPORE, 17th Feb. 1940.

NEW ADVERTISEMENTS

NOTICE

All persons having claims against the Estate of the late Mr. PAUL MARY HODGSON are requested to forward particulars of their claims to the undersigned on or before the 15th March, 1940.

Dated 29th February, 1940.
TS' O & RODGSON,
Solicitors,
Prince's Building,
5, Ice House Street.

PUBLIC AUCTION.

PARTICULARS AND CONDITIONS of the Sale by Public Auction to be held on Monday, the 4th day of March 1940, at 3 p.m., at the Offices of the Public Works Department, by Order of His Excellency the Governor of one Lot of Crown Land at La Salle Road, Kowloon Tsai, in the Colony of Hong Kong for a term of 75 years, commencing from 1st July, 1898, with the option of renewal at a Crown Rent to be fixed by the Surveyor of His Majesty the KING, for one further term of 24 years less the last three days thereof.

Intending bidders are advised that immediately after the disposal of the lot the Purchaser (if not the applicant) will be required to deposit with an authorised officer who will be present at the sale, the sum of two hundred dollars, (\$200) in cash. This sum will be refunded on payment of the Purchase price.

PARTICULARS OF THE LOT

No. of Sale	Registry No.	Locality	Boundary Measurements	Contents in Square feet	Annual Rental	Upset Price
1	2767	New Kowloon Inland Lot No. 2767, La Salle Road, Kowloon Tsai, adjoining New Kowloon Inland Lot No. 2740.	N. S. E. W. ft. ft. ft. ft.	4	5	
			As per sale plan	About 8,000	93	4,000

PUBLIC AUCTION.

PARTICULARS AND CONDITIONS of the Sale by Public Auction to be held on Monday, the 4th day of March 1940, at 3 p.m., at the Offices of the Public Works Department, by Order of His Excellency the Governor of one Lot of Crown Land at King's Road, in the Colony of Hong Kong for a term of 75 years, with the option of renewal at a Crown Rent to be fixed by the Surveyor of His Majesty the KING, for one further term of 75 years.

Intending bidders are advised that immediately after the disposal of the lot the Purchaser (if not the applicant) will be required to deposit with an authorised officer who will be present at the sale, the sum of two hundred dollars, (\$200) in cash. This sum will be refunded on payment of the Purchase price.

PARTICULARS OF THE LOT

No. of Sale	Registry No.	Locality	Boundary Measurements	Contents in Square feet	Annual Rental	Upset Price
1	546	Inland Lot No. 546, King's Road, South West of Inland Lot No. 2388.	N. S. E. W. ft. ft. ft. ft.	8	8	
			As per sale plan	About 15,000	64	5,900

NEW ADVERTISEMENTS

HONG KONG & SHANGHAI BANKING CORPORATION.

The Final Dividend declared for the year ending 31st December, 1939, at the rate of Two Pounds Ten Shillings Sterling at exchange 1/2.7/8 is payable on and after the 28th February, 1940, at the Offices of the Corporation, where shareholders are requested to apply for Warrants.

By Order of the Board of Directors.
V. M. GRAYBURN,
Chief Manager.
Hong Kong, 28th Feb. 1940.

PUBLIC AUCTION.

PARTICULARS AND CONDITIONS of the Sale by Public Auction to be held on Monday, the 4th day of March 1940, at 3 p.m., at the Offices of the Public Works Department, by Order of His Excellency the Governor of one Lot of Crown Land at Island Road, in the Colony of Hong Kong for a term of 75 years, with the option of renewal at a Crown Rent to be fixed by the Surveyor of His Majesty the KING, for one further term of 75 years.

Intending bidders are advised that immediately after the disposal of the lot the Purchaser (if not the applicant) will be required to deposit with an authorised officer who will be present at the sale, the sum of two hundred dollars, (\$200) in cash. This sum will be refunded on payment of the Purchase price.

PARTICULARS OF THE LOT

No. of Sale	Registry No.	Locality	Boundary Measurements	Contents in Square feet	Annual Rental	Upset Price
1	434	Rural Building Lot No. 434, Tsim Sha Tsui, Island Road.	N. S. E. W. ft. ft. ft. ft.	16,500	100	4,125
			As per sale plan	About 16,500	100	4,125

PUBLIC AUCTION.

PARTICULARS AND CONDITIONS of the Sale by Public Auction to be held on Monday, the 4th day of March 1940, at 3 p.m., at the Offices of the Public Works Department, by Order of His Excellency the Governor of one Lot of Crown Land at Island Road, in the Colony of Hong Kong for a term of 75 years, with the option of renewal at a Crown Rent to be fixed by the Surveyor of His Majesty the KING, for one further term of 75 years.

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			As per sale plan	About 16,500	100	4,125

ADVERTISEMENTS

THE HONGKONG ELECTRIC COMPANY, LIMITED.

NOTICE is hereby given that the Fifty-first Ordinary Yearly Meeting will be held at the Company's Registered Office, 4th Floor, P. & O. Building on Thursday, 21st March, 1940, at 11 a.m. for the purpose of presenting the Report of the Directors together with a Statement of Accounts to 31st December, 1939, electing Directors and Auditors and fixing their fees.

The Register of Members of the Company will be closed from 9th March, to 21st March, 1940, both days inclusive, during which period no transfer of shares can be registered.

By order of the Board of Directors,
GIBB, LIVINGSTON & CO., LTD.
Agents.
Hong Kong, 22nd Feb., 1940.

THE HONGKONG ELECTRIC COMPANY, LIMITED.

NOTICE is hereby given that an Extraordinary General Meeting of the Company will be held in the P. & O. Building, Victoria, in the Colony of Hong Kong, at 11.15 o'clock in the forenoon on Thursday, the 21st day of March, 1940, or as soon thereafter as the Ordinary Yearly Meeting of the Company shall have terminated, for the purpose of considering and if thought fit passing the following resolution:—

That the Capital of the Company be increased from its present Capital of \$6,000,000 Hong Kong currency divided into 600,000 shares of \$10 each to \$18,000,000 Hong Kong currency divided into 1,800,000 shares of \$10 each and that such additional shares shall rank in all respects pari passu with the original Capital of the Company.

And for the purpose of considering and if thought fit passing the following resolutions, namely:—

1. That the Directors be and they are hereby authorised to capitalise the sum of \$3,000,000 Hong Kong currency part of the undivided profits of the Company standing to the credit of the Company's Reserve Fund and to allot to the Members holding shares of the Company as on the 1st day of July, 1940, in respect of the net amount capitalised fully paid shares of the Company in the proportion of one share for every two shares of the Company then held by such persons respectively and that such shares so allotted shall rank for dividends as from the 1st day of July, 1940.
2. That if, on such distribution as aforesaid, any person would be entitled to a fractional share the Directors shall, in lieu of issuing Fractional Certificates, cause the whole share to be allotted to a person or persons to be named by the Directors and such share shall, at such time as the Directors think fit, be sold and the proceeds distributed amongst the persons entitled to the fractions making up such share.

By order of the Board of Directors,
GIBB, LIVINGSTON & CO., LTD.
Agents.
Hong Kong, 22nd Feb., 1940.

DEATHS
HUMPHREYS.—At the War Memorial Hospital on Wednesday, February 28, in his 47 year, John David Humphreys elder son of Henry Humphreys of Hongkong and Victoria, B.C.

DANE.—On Feb. 13, 1940, at Morney Cross, Fownhope, Herefordshire, Sir Richard Morris Dane, K.C.I.E., Indian Civil Service (retired), and formerly Associate Chief Inspector, Chinese Government Salt Revenue Department, passed peacefully away after a short illness, in his 86th year.

The Daily Press

Editorial and Business Office: 15-19, Queen's Road Central, Tel. 30251.

Night Editor (Wanchai Office): Tel. 24511.

London Office: 53, Fleet Street E.C.4.

HONGKONG, FEBRUARY 29, 1940

Hongkong's Industries

THE BEST COMMENTARY we have seen on significant trends in Hongkong's recent industrial development, its position in the war economy of the British Empire and immediate prospects, was published in "The Economist" for January 5. To it, we devote this column today.

THERE HAS BEEN considerable industrial development in Hongkong of recent years; and, the Government Report for 1938 states that there are now 829 registered factories and workshops employing about 55,000 persons of both sexes. The Report points out that several new industries came into being during 1938, some to meet Chinese war needs and others to replace goods usually manufactured in Shanghai. Amongst the war industries established here are those manufacturing gas-masks, metal helmets, spades and entrenching tools, and portable wireless sets. Other new factories have been set up for banknote and stamp printing, toothbrush, pearl button, bicycle, and wire nail manufacture. Many of the registered factories are small establishments in tenement buildings, but there is a steady increase in the number of genuine factory premises. Several of the more important concerns are housed in buildings laid out to modern factory plans.

APART FROM THE OLDER INDUSTRIES, such as shipbuilding, sugar-refining, and cement and rope manufacture, the main direction of Hongkong's industrial progress lies in the development of markets for its output of knitted and woven wearing apparel, rubber footwear, and electric torch-lights and batteries. The principal market for rubber boots and shoes is Great Britain, which, in 1938, took about 60 per cent. of the 7 or 8 million pairs exported from the colony. For the first ten months of 1939 the figures approximate to the totals for the whole of 1938, and, judging by orders now in execution, the trade seems to be steadily expanding, helped to some extent by the rubber footwear requirements of A.R.P. workers at home.

Owing to wartime restrictions on Japanese imports into Great Britain there has been a flood of orders for local knitted articles, such as sports shirts, singlets, socks and stockings. These goods have the advantage of a 20 per cent. preference over foreign manufactures imported into Great Britain, provided that the Empire content is at least 50 per cent. This qualification is easily reached so long as the factories use Empire yarn, most of this coming now from Bombay mills. Either to the principal outlets for the knitted factories, of which there are 140, have been the Crown Colonies and Netherlands Indies, but with Japanese goods at a disadvantage it looks as if the British market may become as important to the Hongkong knitting industry as it is to the rubber shoe trade. Exports of shirts and singlets during 1938 exceeded \$7 millions (H.K.\$1=1s. 3d.). Approximately two-thirds of this went either to the Netherlands Indies or to Malaya.

THE ELECTRIC TORCH trade is divided into two sections, the

Shortage Of Newsprint In Chungking

YELLOW, GREEN, PINK PAPERS

CHUNGKING, Feb. 28 (Reuter).—The shortage of newsprint, owing to the Sino-Japanese hostilities and the European war has brought about a unique situation in the newspaper world here.

Forced to take drastic measures, some Chinese newspapers have been publishing in yellow and pink newsprint mostly produced in Szechuen Province. Only two leading newspapers here are appearing in imported white newsprint.

Even the Central Daily News, official organ of the Chinese Government, is affected by the shortage of imported paper. It is appearing in pink native newsprint.

"PINK PAPER"

Another "pink paper" is the Ta Kung Pao, the influential independent daily. The Hsin Hua Jih Pao, official organ of the Chinese Communist party, prints on green paper. Yet, another colour newsprint is used by the Independent Hsin Min Pao which is publishing in yellow native newsprint.

Subscribers have no complaint to make for they find that coloured newsprints make attractive wrapping paper.

BOXER INDEMNITY SCHOLARSHIPS

CHUNGKING, Feb. 28 (Central).—At the regular meeting of the Executive Yuan yesterday, a proposal by the Ministry of Education, to send an 8th batch of 25 students to England under the British Boxer Indemnity Fund to pursue advanced studies, was approved. Competitive examinations for the scholarship students will be held during the current year.

NAVY VOTES PASSED

LONDON, Feb. 28 (Reuter).—The House of Commons yesterday agreed to the Navy votes for men and money.

the supply of cheap brass sheets, and is at present handicapped by the difficulty of obtaining raw material. Canada is being used as a source of supply in place of Germany, and a considerable quantity of the metal is now on order. Supplies appear to be limited. In view of the increased demand for torch cases from Great Britain, makers may concentrate on that market for their output, using British brass. Battery makers, whose chief requirement is zinc sheet, have so far found no difficulty in obtaining their usual supplies from Belgium, but costs are, of course, rising rapidly and exports may be affected.

MOST OF HONGKONG'S FACTORIES are dependent upon Empire markets. They are subject, to inspection by Hongkong Government officials, and in many cases have to submit their books for costing purposes to recognised firms of accountants. In the case of the knitting industry there is also a system of certification by the Hongkong General Chamber of Commerce, in order to check any malpractice in the use of non-Empire cotton yarn. These checks and counter-checks go a long way towards ensuring that the prescribed degree of Empire material is obtained; and, in addition, the United Kingdom Customs maintain their own register of recognised Hongkong factories, the costings of which have been submitted and approved. It is a manufacture of metal cases and the manufacture of batteries. For exports to countries other than the United Kingdom the metal case section is dependent upon tribute to the adaptability of the Chinese Hongkong manufacturer that he has been able to conform, in most cases, to a regimentation which is foreign to his individualistic nature. Moreover, he is subject to factory regulations which may exist on paper in his own country, but are, in fact, never enforced as strictly as they are in Hongkong. Looming before him, too, is legislation to be enacted in due course with the aim of raising the status of factory labour. His overhead costs will rise. But, although there are still many primitive establishments conducted on an uneconomic basis, there is no doubt that the manufacturers who have the lion's share of the export trade are those who have looked to the welfare of their workers.

CORRESPONDENCE

URBAN COUNCIL ELECTION

The Editor, H.K. Daily Press.
Sir,—I enclose herewith a circular letter which I am sending to every elector, and I should be obliged if you would kindly publish it in your paper.
For the information of the public I beg to add that every one whose name is in the Jurors List, as well as those exempted from jury service, are entitled to vote.
Yours faithfully,
R. A. DE CASTRO BASTO.

Hongkong, Feb. 21, 1940.

Dear Sir,—My present term of office on the Urban Council having expired, an election is being held in respect of the seat on Thursday, February 29 at the Supreme Court, between the hours of 10 a.m. and 6 p.m. I have been proposed for re-election by the Hon. Sir Henry Pollock, K.C., and seconded by Major O. M. Manners, O.B.E., and I solicit your support by registering your vote in my favour on that date.
Throughout my service on the Urban Council, extending over the past nine years, I have endeavoured to the best of my ability to serve the interests of the whole Colony, irrespective of any sectional or racial representation; I have consistently advocated the improvement of existing Hygienic and Sanitary conditions, and the development of health-mindedness in the Community. I have been responsible for raising many questions of vital importance to Public Health, and as far back as 1932 advocated measures in respect of Health Propaganda on the lines now being introduced.
In the event of re-election I shall renew my endeavours in pursuit of the objects to which I have devoted special consideration during my past terms of office, and I have every confidence in requesting your co-operation in these efforts by according me your vote at the election.
Thanking you in anticipation of your support.
I am, Sir,
Yours faithfully,
R. A. DE CASTRO BASTO.

CANDIDATURE OF DR. RODRIGUES

[The Editor, Hongkong Daily Press]

Sir,—I note from the various correspondence in the press that the Club de Recreio is officially supporting the candidature of Dr. A. M. Rodrigues in the Urban Council election.
May I inquire whether:
1. The contested seat is in fact one "intended for a representative of the local Portuguese community," and whether.
2. It is customary for the President of a club, in his official capacity, to advise its members for whom to vote?
Yours faithfully,
"CITIZEN"

GENEROUS GIFT TO A.R.P. CLUB

The Editor, Hongkong Daily Press:

Sir,—The A. R. P. Club at King's Park Kowloon, which serves as a recreational and instructional centre open to all members of the A. R. P. Organisation in the Colony, is at present being extended to provide increased accommodation for Lectures and Meetings, and added Club amenities for members. The cost of the actual extension was borne by Government, but coincident with the extension it became obvious that painting and redecorating the existing building was necessary, and funds were needed for that purpose and for the provision of games, furniture and equipment, and the installation of more up to date sanitary arrangements.

As soon as this need became known, a most generous donation of \$500.00 each was received from Messrs. Lawrence Kadoorie and J. E. Joseph, and these funds will enable the Committee to proceed forthwith with their work of making the Club a comfortable and useful rendezvous for its members.

On behalf of the Committee and Members of the A. R. P. Club I desire to express, through the medium of your columns our most sincere appreciation of this public spirited action on the part of Messrs. Kadoorie and Joseph, which will contribute in no small measure to the amenities provided by the Club and facilitate the extension of our Collective Training.

A. H. STEELE-FERKINS,
Director of Air Raid Precautions.

LAST CHANCE FOR HAWKERS

Hawkers will have their last chance of renewing their licences today. It is learned that no further time will be given by the authorities, and any unrenewed licences after today will be treated as cancelled.

MR. WINSTON CHURCHILL'S GLOWING Tribute to Royal Navy in Confident

SUPPLEMENT

Hongkong Daily Press.

Registered as a Newspaper at the General Post Office in the United Kingdom. 報西 ESTABLISHED 1857 刺仔 15-19 Marina House, Queen's Road Central. G.P.O. Box No. 1.

HONGKONG, THURSDAY, FEBRUARY 29, 1940.

CHINESE TRADE INCREASE FAVOURABLY REFERRED TO AT HONGKONG BANK ANNUAL MEETING

War's Strain On Japan's Economic System CONCERN OVER RISING COST OF GOVERNMENT IN HONGKONG

The Chinese Government's work in developing trade despite transportation and other difficulties, and the persistence and enterprise of individuals in keeping alive the channels of commerce, were favourably commented upon by the Hon. Mr. A. L. Shields, Chairman of the Board of Directors, at the annual meeting of the Hongkong and Shanghai Banking Corporation yesterday.

Reference was also made by Mr. Shields to the servicing of the Chinese Government foreign loans. He said that the interruption of the debt service was only a temporary measure, and that responsibility for the failure did not rest with the Chinese Government.

Speaking on the effects of the Sino-Japanese hostilities on Japan, he said that the economic system of that country was undergoing severe strain and it was by no means easy to judge how developments would work out in the present year.

Mr. Shields said certain aspects of the Colony's financial situation gave rise to uneasiness.

"I believe that most of us concur with the remarks of the War Revenue Committee about the continuous rise in the cost of government and support their recommendation that an official investigation should be held to ascertain whether economies cannot be effected," he said.

The final dividend approved yesterday was £2.10s. per share, which was lower by 10 shillings than last year's dividend.

CHAIRMAN'S SPEECH

The Hon. Mr. A. L. Shields, Chairman, said: Ladies and Gentlemen.—The report and statement of accounts having been in your hands for the required period, I will, with your permission, take them as read.

After making full provision for all known losses and contingencies and after writing down investments, the net profits for the year amount to \$13,353,965.48, to which must be added \$3,409,634.26 brought forward from last year.

The interim dividend of £400,000 paid at 1/23/4 and Directors' remuneration have to be deducted. There then remains available for distribution \$10,165,111.06, which it is proposed to allocate as follows:

To pay a final dividend of £2.10/- per share (subject to the deduction of income tax)...	\$ 6,453,781.51
Transfer to Bank Premises Account	300,000.00
Carry Forward to New Account	3,411,329.55
	\$10,165,111.06

The figures of our balance sheet have been converted at the rate of 1/27/8d. per dollar.

A REDUCTION

Your Directors regret that it has been necessary to recommend a reduction in the final dividend by 10/- this year, but I am sure you will realise that the heavy decline in the value of the Shanghai dollar necessarily means a decline in the Hongkong dollar value of investments which such an institution as the Bank must have in Shanghai. I am glad to say that

In spite of dislocations at some ports and the closure of certain channels, new outlets have developed and the general rise in the prices of commodities produced in the countries where we operate has caused a welcome improvement in recent months. Stock markets in the important centres out East have also responded; this too has been decidedly helpful, although we are anxious that such rises should not be overdone.

FOREIGN LOANS

I do not propose this year to refer to political events in the Far East, except in so far as they affect certain topics with which we are particularly concerned. One of these topics relates to the Chinese Government foreign loans, in floating many of which we took a leading part. During the past year these loans, as I am afraid some of you are painfully aware, have gone into complete default for reasons beyond the control of the Chinese Government. The measures taken last Spring to set up a currency stabilisation fund led to hopes that it would be possible for the Government to come to a temporary arrangement whereby during the period of hostilities the transfer of funds abroad for the service of the Customs and Salt secured loans would continue to be possible, even though at a reduced rate. Negotiations were in fact initiated by the Minister of Finance and discussions took place with the Chinese Bondholders' Committee in London.

A question which was raised at that time in the home press was that of the prior rights of certain loans. It was strongly represented, and quite justifiably in our opinion, that under the terms of their contracts the various loans had claims on Customs, or Salt Revenues, or both, ranking in order of date, and that this distinction should therefore be recognised as a matter of principle.

ACTION SUSPENDED

Unfortunately before a final decision was reached, the difficulties which arose in the Shanghai exchange market forced the Minister of Finance to suspend action. He made it clear, however, that the interruption of the Debt Service was only a temporary measure, and that the Chinese Government had every intention of resuming the full service of their obligations at the earliest possible moment.

As a gesture of good-faith, estimated quotas of the shares due from Customs and Salt offices, which still remain under the direct administration of the Government, have throughout the past year been regularly set aside in the Central Bank of China in national currency reckoned at the official rate of 1/21/4d.

The total revenue collected by the Chinese Maritime Customs Administration amounted to 331 million dollars in the year 1939. But in fact roughly 83% of this revenue was collected in ports under Japanese control, and we estimate that at the end of the year some 380 million dollars of Customs funds should have been lying in the Yokohama Specie Bank awaiting the outcome of the Sino-Japanese conflict.

It is clear, therefore, that responsibilities for failure to meet the service of the Customs Loans does not for the time being rest on the Chinese Government.

The Customs Foreign Trade figures for 1939 must again be interpreted with great caution owing to the fact that their method of presentation, the fluctuating exchange rates, trade controls, and other complications, make comparisons very unreliable. However, an examination of these figures makes it clear that, compared with any of the last three years, import values increased appreciably (and this omits war munitions), whilst export values were lower.

The growth in the adverse balance of trade, which was particularly pronounced in the first half of the year, caused a strain which fell almost entirely on the Shanghai exchange market. This was so, because trade through the Chinese controlled ports was kept fairly well balanced by the measures of restriction adopted by the Chinese Government, but in North and Central China conditions were such, as I will show later, as to encourage a demand for goods while exports suffered from the situation prevailing in the hinterland. Later on in the year the fall in exchange checked the import demand, and the rise in prices consequent on the European war resulted in an improvement in the export position.

MOVEMENT OF TRADE

In connection with the movement of trade, what stands out above everything else is the fact that in spite of transportation difficulties, military interference and other hindrances, goods continue to flow inwards and outwards in an astonishing volume, considering the circumstances. So long as crops are grown and essential manufactured goods are available, so long will they keep moving in China.

The sheer persistence and enterprise of individuals have been responsible for much of this, but the Chinese Government have themselves taken a very active part in fostering the outflow of exports. Naturally the Government's difficulties are now greater than ever before as a result of the loss of Nanking and the bombing of the Yunnan Railway.

Shanghai merchants, both Chinese and foreign, have also played a prominent part in keeping the wheels of trade moving, and last year they managed to overcome many of the obstructions which existed in 1938.

A remarkable fact is that the tonnage of vessels which cleared from Shanghai for foreign countries was in 1939 only 8% lower than in 1938, the last normal year, and the port of Shanghai thus shows that it will in due course have no difficulty in recovering its position as one of the first half-dozen ports in the world.

Of great importance too was the manner in which last year Shanghai re-established itself as the main manufacturing and supply depot for such parts of the interior as can be reached (and these are many), for coastal ports and for countries further afield. A clear indication of the growth of this industrial activity is seen in the consumption of electricity supplied by the Shanghai Power Company which at the end of the year approached the record output. This was in spite of the fact that Chinese factory owners still left unoccupied and unworked important plants in the Northern and Eastern parts of the Settlement.

While there is a strong undercurrent of optimism in commercial and industrial circles in Shanghai, we must emphasise that so long as the administrative problems of Greater Shanghai are unsettled there will be reasons for dissatisfaction about the situation.

COGNAC BRANDIES

OLD RESERVE

Jek's F. O. V.

Jodet Freres 1852

Rouyer Guillet 1865

Exshaw's V. F. O. (60 years old)

CK, MACGREGOR & CO., LTD.

TELEPHONE NOS. 28075 & 30844.



THE
HONG KONG
PENINSULA HOTEL;
HONGKONG HOTEL; REPUBLIC BAY HOTEL;
&
SHANGHAI
ASTOR HOUSE; PALACE HOTEL;
HOTELS
LIMITED.

In association with the Grand Hotel des Wagons Lits, Peking.

Facts Concerning Oil Exports From Rumania Unfavourable To Nazis

LONDON, Feb. 28 (RWS)—That facts concerning Rumanian oil exports are by no means so favourable to Germany, as superficial observers have supposed, is the conclusion of an analysis of recent Rumanian oil exports in the Petroleum Press Service, semi-official journal of the petroleum industry.

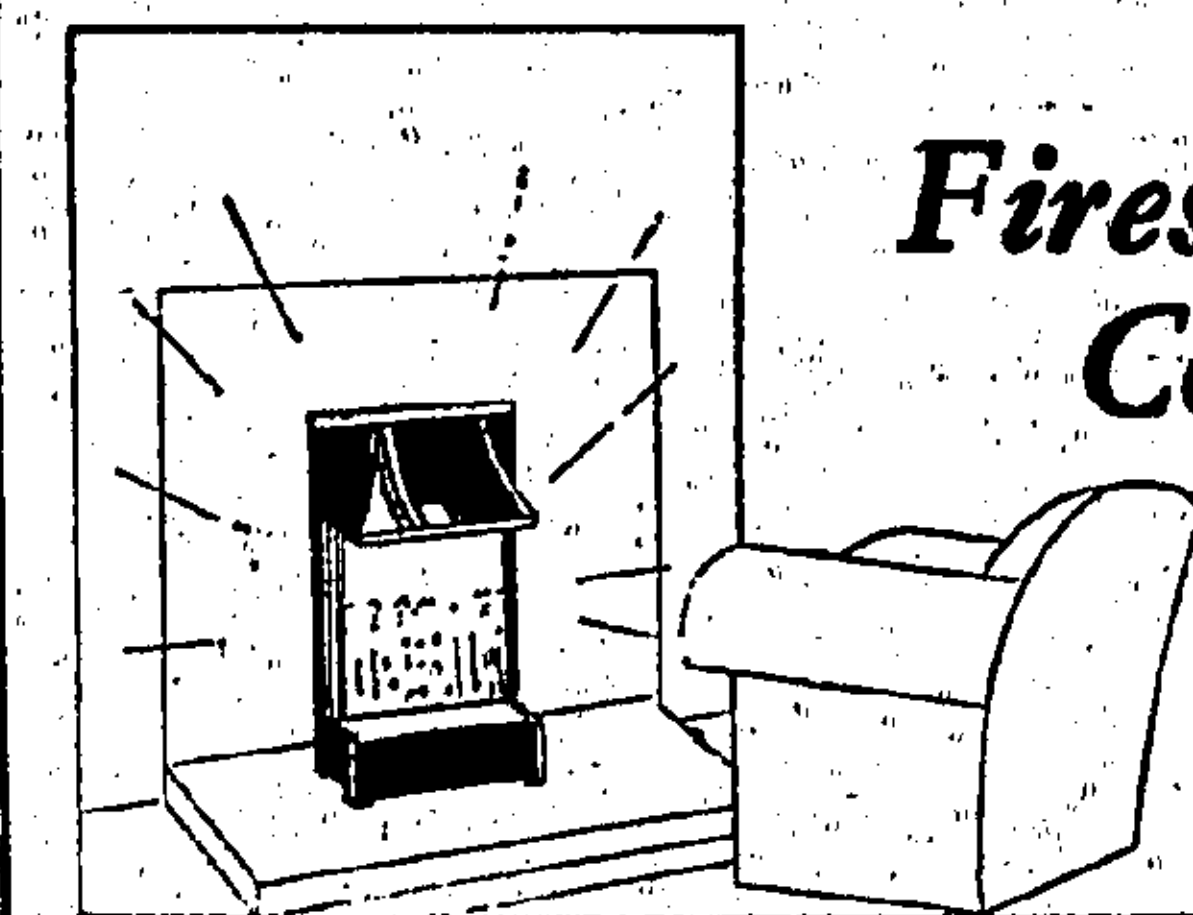
In consequence, it is stated, of the continued decline in Rumanian production and the moderate increase in home requirements the country's export surplus was further reduced during 1939.

Total exports of mineral oil, including bunker sales, amounted in 1939 to 4,178,000 metric tons, against 4,455,000 in 1938, or a decline of 7 per cent.

PRINCIPAL BUYER

As in previous years, Germany, including Czechoslovakia, was the principal buyer taking 1,285,000 tons, compared with 99,000 in 1938, which brings the German share to 30 per cent. of the total Rumanian oil exports compared with 22 per cent. in 1938.

But the expansion of supplies to Germany took place in the first eight months of the year and the war months have actually witnessed a decline of 30,000 tons compared with the corresponding period in 1938. This decline is, of course, largely attributable to the Allied blockade.



Fireside
Comfort

Turn a Tap

Strike a match, and there, in the twinkling of an eye, is a clean glowing fire—a blaze of radiant warmth, routing coldness and banishing gloom.

You can afford a modern gas fire for your bedroom. It is the cheapest method of heating for all occasional rooms—bedrooms, dining rooms, and drawing rooms. It will save you doctor's bills. Ask us for further particulars.

THE HONG KONG & CHINA GAS CO., LTD.
CENTRAL SHOWROOM: GLOUCESTER BUILDING
Phone 24704.
KOWLOON SHOWROOM: 246, NATHAN ROAD
Phone 67241.

FORMER SPEECH

LONDON, Feb. 28 (BWS)—The Manchester Guardian, commenting on the speech of the First Lord yesterday, which has been received in the press generally with considerable satisfaction, recalls the speech by Mr. Winston Churchill on a similar occasion in 1915, though more actions had been fought at sea than during the present, we were still allowing imports to reach Germany.

H.M.S. Nelson Was Holed

LONDON, Feb. 28 (Reuters)—The battleship H.M.S. Nelson, which Mr. Churchill yesterday disclosed was struck by a mine in December, was holed. It is believed that some members of the crew were injured.

founderings increased for the second time since the beginning of the war.

The increase is eleven cents per \$100.

LONDON, Feb. 28 (Reuters)—The first consignment of over 13,000 garments for civilian hospitals and evacuees arrived in Britain from the American Society for British Medical and Civilian Aid.

nationality is not known.

The collision occurred off the Scottish coast on February 24.

Estimates of the Board of Education for 1940 show an increase over last year of £302,537. The total for 1940 is £52,544,573. —(BWS).

NAZI RETORT

"The Nazis have retorted by saying this entitles them to break all conventions which they have already broken many times over. (laughter) They may be, of course, able to apply their methods on a larger scale

LAMMERTS' AUCTIONS

PUBLIC AUCTION.

THE Undersigned have received instructions

to sell by

PUBLIC AUCTION

on

Thursday, the 29th February, 1940
commencing at 11.00 a.m.

at their Sales Room, (No. 2 Con-
naught Road, Central, (Room No.
205, 2nd Floor).

26 Electric Lights complete with
Fittings
30 "Demon" Stoves
6 Reels Garden Hose
16 Empty Beer Drums and Barrels
6 Teakwood Bookcases & Cabinets
with Glass Front Doors

also

A QUANTITY OF FURNITURE AND
SUNDRIES

and

Australian Hams "Atlas" Brand
(to be sold singly)

Terms: Cash on Delivery.

LAMMERT BROS.
AUCTIONEERS.

PUBLIC AUCTION.

THE Undersigned have received instructions

to sell by

PUBLIC AUCTION

on

Friday, the 1st March, 1940
commencing at 2.30 p.m.

at their Sales Room, No. 35 Hankow
Road, Kowloon.

A QUANTITY OF VALUABLE
HOUSEHOLD FURNITURE

Comprising:—

Hatstands, Chesterfield Couches
and Armchairs, Tables, Bookcases,
Card Tables, Cabinets, Oil Paint-
ings, Pictures, Brass and Bronze
Ornaments, Curls, Silk and Heavy
Curtains, Carpets, Rugs, Cushions,
etc., etc.

Teak Extension Dining Tables,
Dining Chairs, Sideboards, Teapots,
Silver and E. P. Ware, Cutlery,
Table Glasses, Gramophones and
Records, Electric Chandeliers, Heat-
ers and Cookers, etc., etc.

also

Iron and Teakwood Bedsteads,
Wardrobes, Dressing Tables, Chests
of Drawers, Spring Mattresses, etc.,
etc.

also

A FEW PIECES OF BLACKWOOD
FURNITURE

and

1 New Upright Piano by "Moutrie"
1 Upright Piano by "Wernam"
1 Sewing Machine "Singer"
1 Spanish Guitar in Case
1 1935 "Ford" V8 Tourer

On View from Thursday, the 29th
February, 1940.

Terms: Cash on Delivery.

LAMMERT BROS.
AUCTIONEERS.

What do
you want?

If there is anything
you want to buy or
sell, by a small
classified advertise-
ment in the Hong-
kong Daily Press.

25 words \$1.50 prepaid
for 3 insertions.

LAMMERTS' AUCTIONS

PUBLIC AUCTION.

THE Undersigned have received instructions

to sell by

PUBLIC AUCTION

on

Wednesday, the 6th March, 1940
commencing at 9.30 a.m.

at Kowloon Naval Depot

OLD AND SURPLUS VICTUAL-
LING STORES

Comprising:—

Clothing, including Blankets and
Serge and Duck, etc., Remnants,
Electro Plate, Cutlery, and Table
Linen, etc., etc.

On view from Tuesday, the 5th
March, 1940.

Terms of Sale: As detailed in
Catalogue.

LAMMERT BROS.,
By Appointment, Auctioneers
to the Admiralty.

STEEL ROADS
OF WARRAILWAYS AT
THE FRONT

In the vanguard of the British
Expeditionary Force that went to
France on the outbreak of war
were officers of the Railway
Engineer and Staff Corps, ultra-
specialists of that highly special-
ised body, the Royal Engineers,
writes the military correspondent
of the Observer.

Their work was to determine, in
consultation with the General
Staff, what extra siding accom-
modation was immediately required
at the Base and at Railheads in
the British area. Future ex-
tensions had to be planned to
meet all emergencies, and complete
interworking with the French
railway authorities arranged for.

Following hard on their heels
were hundreds of men of the con-
structional, maintenance, and
running departments. These had
already been thoroughly instructed
at the Railway Training Centre at
home in the special methods of
plate-laying, signalling, and
general working of Continental
railways.

Wherever they had to make con-
tact they clicked into gear at
once with their French brothers of
the steel road. If they had not a
common language they had a
common craft and knowledge.

BRITISH AND FRENCH

Generally the whole of the work
at the Base is handled by the
Royal Engineers. The use of
British shunters and train make-
up staff with French drivers and
guards might lead, to confusion.
On the other hand the French
drivers know the road.

The made-up trains are there-
fore handed over to French
drivers, who haul the trains with
their own engines, to railhead.
Here the trains are broken up and
unloaded by the Royal Engineers,
whose responsibility ends when
they deliver the loads to the
Royal Army Service Corps or the
Royal Ordnance Corps, as the case
may be.

Directly a ship arrives at the
docks the Royal Engineers take
charge. Their stevedores and
"lumpers" do the unloading. They
know beforehand what is in the
hold, and the rolling stock is
ready for the different classes of
goods. The quickest possible "turn
round" is aimed at, for hold-space
is valuable.

At the Base, the Sappers have
their own railway workshops, as
complete in their way as anything
that can be seen at Swindon,
Derby, or Eastleigh. Economy of
time and money set the only limit
to the repair work that is under-
taken.

HOSPITAL TRAINS

The care and upkeep of hospital
trains is a special department. The
standard is something better than
the best dining-car, sleeper, and
Pullman work.

Repair work on bombed or
shelled bridges, sidings, embank-
ments, and cuttings may be
required at any moment, and

Aims Of British War Trade
Pacts Are To Stop Re-Exports
Of Contraband To Germany

LONDON, Feb. 28 (Reuter).—The aims of British war trade
agreements were outlined by Mr. R. H. Cross, Minister for Econo-
mic Warfare, in the House of Commons yesterday, in reply to a
question by Miss Irene Ward (Con) as to whether the Government,
in any agreements concluded or under negotiations with neutral
governments, had consented to a continuation of re-export to Ger-
many by the neutral countries concerned.

Mr. Cross, in reply, stated that war trade agreements were
generally aimed at securing guarantees against re-export of con-
traband goods to Germany, with machinery for their enforcement,
this facilitating the operation of our contraband control and, at the
same time, the entering of the neutral countries concerned to main-
tain their own domestic economy.

Mr. Cross emphasised that there was nothing in the agreements
which prevented us exercising our full belligerent rights in respect of
any consignments in regard to which we had evidence of enemy
destination.

NO DIFFICULTY

There had been no substantial
difficulty in securing that the
machinery in neutral countries for
preventing re-export to Germany
of their overseas imports, especial-
ly food-stuffs and raw material,
should be operated in a manner
satisfactory to us.

In regard to goods which these
countries produced themselves, the
countries concerned usually stipu-
lated that such goods might be
exported to both belligerents on
second-time level.

VITAL FACTOR

Maintenance in such exports
was vital to the economic life of
the neutral countries concerned
and, in many cases, we ourselves
would be shifted from such ex-
ports, at least, as much as, if not
more than, Germany, but even in
this class goods we aimed at re-
ducing exports to Germany as far
as practical.

Cases where neutral country had
a manufacturing industry depend-
ing on imports of raw materials
were most difficult to deal with
and our aim in the case of im-
portant commodities has been, by
agreement, to prevent entirely,
or restrict to trifling quantities
exports of such manufactures to
Germany.

SHIPMENTS FROM SPAIN

Replying to a question, Mr.
Cross said that, according to his

information, no copper ore shipped
from Spain since the outbreak war
had reached Germany. Goods
could be shipped from Spain with-
out passing through the area of
British or French Contraband
Control.

Mr. Cross was questioned regard-
ed American exports to Europe
and was asked whether he was
aware that, in the last four months,
American exports to thirteen
European countries rose in value
from £35,000,000 to £52,000,000,
while, at the same time, American
values to England and France had
only increased from £80,000,000 to
£87,000,000.

NO ACTION REQUIRED

Mr. Cross declared he had not
checked these figures but even if
they were accurate, it did not
follow that any action on the part
of the Government was required.

He had no reason to suspect
that there was any serious
leakage, as far as European coun-
tries were concerned, and he had
no reason to object if neutrals
should obtain their requirements
from the United States rather
than Germany.

Mr. Cross added that, with the
exception of exports to Russia, via
Vladivostok, all exports in ques-
tion passed through the Control
and were most carefully watched.

NO DEPRECIATION

The Chancellor of the Ex-
chequer, Sir John Simon assured
a questioner that currency depre-
ciation would not be resorted to as
a means of stimulating export
trade by giving an unreasonable
competitive exchange advantage.

Shanghai's Foreign Trade
In JanuaryKING CAROL TO
VISIT ITALY

LONDON, Feb. 28 (Reuter).—
The German wireless reports
that King Carol of Rumania
will make an official visit to
Italy in the first half of April.

Japanese Out
To AnnoyTROUBLE OVER
ENTERING POST
OFFICE IN SHAI

SHANGHAI, Feb. 28 (Reuter).—A
situation which is reported to be
seriously affecting the business of
the Shanghai Post Office has been
created by the action of the Jap-
anese authorities in moving the
barbed wire fencing so as to make
it necessary for all persons bring-
ing parcels to the Post Office,
which is situated in the Japanese-
occupied Hongkew district, to pass
Japanese sentries on bridges over
Soochow Creek.

Although passes are now not
needed to enter Hongkew, the
Japanese authorities still enforce
search regulations and this is said
to be deterring many people from
sending parcels.

BRITISH ORDER
FOR U.S. PLANES

SANTA MONICA, Feb. 28 (Reuter).—The British Purchasing Com-
mission has ordered \$20,000,000
worth of attack bombing planes
from the Douglas Aircraft Cor-
poration; delivery to be completed
by the late summer of 1941.

Everything is ready. The Royal En-
gineer knows only one rule in a
crisis—the work must be done.
Most of the men of the Railway
Branch of the R. E. now with the
B. E. F. are old railwaymen who
have supplemented the rather
small permanent staff.

In that fascinating establishment
in the South of England the
Railway Training Centre, over
1,200 men are now under instruc-
tion.

DOLLAR STRENGTH
DEPENDANT ON
MORE EXPORTS

SHANGHAI, Feb. 28 (Reuter).—
Shanghai's foreign trade in Jan-
uary totalled \$4,904,271, comprising
imports \$2,463,290, exports \$2,440,981.
The latter was higher
by approximately \$3,000 than in
January 1937, when the dollar
stood at 1/2 3/8, while the im-
port surplus in January of \$22,509
compares with the import
surplus of \$528,338 in Decem-
ber.

STRENGTH OF DOLLAR

Commenting on the trade posi-
tion in relation to exchange
rates, and Finance and Com-
merce states: "The strength
of the dollar must ultimately de-
pend upon the merchandise supply
and demand. As is well known,
the weakness in exchange rates
has been very largely due to the
demand made by the excessive
import of raw materials and
necessities from abroad."

"So far there has been nothing
to put against the great part of
this demand, but, if from now
onward exports can be main-
tained on the January scale or im-
prove upon it, the alarms and
predictions of disaster will soon
subside."

EXPORTS NEEDED

Referring to the partial liqui-
dation of oversold position, which
provided the bulk of selling in
the local market in the past week,
Finance and Commerce remarks:
"There can be no doubt that this
source of supply is now becom-
ing most attenuated. Indeed, Ex-
ports, therefore, are urgently
needed to fill the gap."

AS WARNING

SHANGHAI, Feb. 28 (Reuter).—
An appeal to M. Daladier, the
French Premier, urging him to
abrogate the Franco-Japan Trade
Pact as a warning to the repeated
Japanese aerial bombardments of
the Yunnan Railway was sent by
83 prominent Chinese in Chengtu,
according to the Sui Wan Pao.

LUMBAGO SCIATICA NEURALGIA HEADACHES

All YIELD to the QUICK ACTION of 'ASPRO'

THOUSANDS have testified to the efficacy of 'ASPRO' and thousands more have proved by use that 'ASPRO' definitely soothes away the excruciating pains of Lumbago, Sciatica, Neuralgia, Headaches, etc. It quickly stops the pain. There is no waiting or delay; furthermore, 'ASPRO' is safe, and it does not harm the heart, digestion, or stomach. It can be taken by anyone, anywhere, at any time, and the reason why 'ASPRO' has such a large number of uses in every home is because, after ingestion in the system, it is an internal antiseptic—an anti-pyretic or fever reducer—an anti-periodic—a powerful germicide, and a definite solvent of Uric Acid.

Let your slogan be:—
GET 'ASPRO' AND GET RID OF PAIN.

Wonderful for Lumbago and Rheumatism

Dear Sirs, Kewick, S. Aust.
My father has suffered for a number of years with LUMBAGO and RHEUMATISM in a severe state, being in bed 4 or 5 weeks at a time each year. Some time ago he tried 'ASPRO' Tablets for relief, and they acted wonderfully. During the last 11 years he has taken very many Tablets, but he enjoys better health and does not get a return of severe pains now. I am sure that taking your 'ASPRO' Tablets daily and would recommend anyone suffering from LUMBAGO or RHEUMATISM to try 'ASPRO' Tablets as they give such splendid relief.

Yours sincerely,
W.F.M. (Miss) L. WOLSEY.

Sole Agents: DODWELL & CO., LTD.
Obtainable at all Chemists and Drug Stores.
Three Packings: 5's, 10's, 20's.

Always Keep 'ASPRO' in the Home for —

Headache	Influenza
Rheumatism	Neuritis
Sleeplessness	Earache
Toothache	Colds
Sore Throat	Malaria
Neuralgia	Dengue
Hay Fever	Gout
Feverishness	Sciatica
Irritability	Lumbago
Temperature	Asthma
Alcoholic After Effects	

'ASPRO' gives great relief to Women when depressed.

12 Months' Sciatica Stopped in a Fortnight with 'ASPRO'

27 Marine Pde., ST. KILDA, June 28, 1932.

Dear Sirs,
For nearly 12 months I have been suffering with Sciatica, and could hardly walk with the pains in both legs. I was recommended to take 'ASPRO', which I did, night and morning, with the result that in a fortnight the pain had practically left me, and I was able to walk about in perfect ease.

Yours faithfully,
Sgd. B.L. HARRIS.

Output Of
Shells In
Two Wars
Compared

Comparisons between this war and the last, between 1914 and 1918, inevitable as they are, are apt to be misleading.

They will probably grow more misleading still as the war proceeds, says the News Chronicle correspondent.

I was provoked to these reflections by the Prime Minister's statement that we are now producing shells at ten times the rate at which we were producing five months after the beginning of the 1914 war.

In his War Memoirs (Vol. II, p. 649) Mr. Lloyd George gives figures of the British output of filled shells in the first and second years of the war. From August, 1914, to June 1915, the output was 2,307,000. This gives an average of 209,700 a month, and as January, 1915, was very near the middle of the period we may safely assume that this figure was the approximate production in that month.

With Mr. Chamberlain's multiplier, of ten, we have, therefore, a figure of 2,097,000 shells a month as the present output, equal to 25,000,000 per annum. Now compare this with the output at later periods in the war.

TOTAL OUTPUT
In the year July, 1915, to June, 1916, the total output, as given by Mr. Lloyd George, was just under 18,500,000, a figure not greatly inferior to the present one. Fur-

AUSTRALIA PUTS STOP
TO WAR PROFITEERING

A quick end to war profiteering, at least as applied to boots, is indicated by the action of Sir Frederick Stewart, Acting Minister of Supply in the Australian Government.

He has announced his intention of using the special powers conferred upon the Government under the national security regulations to accept orders, giving them preference over other work, and at a price to be determined by arbitration.

This announcement followed a dispute with certain shoe manufacturers over Army boots, which, from the way in which the prices on war orders had been moved up by the manufacturers and down again by the Minister of Supply, caused local wits to quote Kipling's verse:

Boots, boots—boots—boots—
Movin' up and down again!

July, 1918, the output was some 4,500,000—well over double that indicated by Mr. Chamberlain.

Later on, still bigger figures were attained. Mr. Lloyd George had then left the Ministry of Munitions, and does not give them. But the official Statistics of the British Military Effort During the Great War, 1914-20, gives the quantities of gun ammunition sent to France and the other theatres of war.

The figure for the last 12 months of the war, November, 1917, to October, 1918, was about 73,000,000 rounds, equal to over 6,000,000 a month, roughly three times the current figure. The biggest monthly dispatch in 1918 was 9,000,000 rounds, equal to four times the current figure.

We may conclude then that on Mr. Chamberlain's showing, our present production of shells is not more than one-third of what it was at the peak period of the Great War.

Victorian and New South Wales manufacturers, according to Sir Frederick, had by collusion increased their tender prices from 11s. 8d. a pair on Oct. 3 to 15s. 11d. a pair on Oct. 18, a jump of 40 per cent.

The Acting Minister thereupon let a contract for 100,000 pairs at a saving of 3s. a pair to a South Australian firm which evidently had not been considered important enough to be brought into the manufacturers' price-fixing conference.

A DEPUTATION

Thereupon a deputation of shoe manufacturers, interviewed by Sir Frederick, the latter declaring with some warmth:

"We are going to get good boots for the troops, and the taxpayer is not going to be mulched." He charged that instead of giving loyal support to the Federal Government in the war crisis, the manufacturers were attempting to exploit it for the sake of profits.

Subsequently in the House of Representatives, he named ten firms as making deliberate attempts at war profiteering.

He then announced his intention of compelling acceptance of orders at more reasonable prices and declared that certain manufacturers would be directed to deliver to the Government specified weekly quotas of goods until the whole order of 100,000 pairs of boots had been fulfilled.

tion there. A welcome first step has recently been taken to tide over the present indeterminate period, but much remains to be done.

CHINA'S FINANCES

About the financial situation of the Chinese Government I cannot say any more than your Chairman could last year. Recent official figures show that the notes of the four Government Banks have increased about 1,300 million dollars in the past 18 months. Considering, amongst other reasons, the difficulties of communications, the lower purchasing power of the dollar, and the disorganisation of the banking system in many parts of the interior, this increase is not regarded as excessive.

A great deal of valuable agricultural and industrial development is taking place in West China which also necessitates an expansion of the note circulation.

Notwithstanding the establishment of the Chinese Currency Stabilisation Fund last April, there arose throughout the year so many adverse circumstances that it is remarkable how well China's currency stood the strain. The unsatisfactory situation in regard to the Federal Reserve Bank note issue in North China further deteriorated after March 10th when the use of Chinese legal tender notes was officially banned by the Provisional Government at Peking. This enhanced a tendency to seek safety in commodities or foreign currencies.

CONFIDENCE UNDERMINED

In May came the inauguration in Central China of the Hua Hsing Bank armed with authority to make another new issue of notes. These actions were in themselves sufficient to undermine confidence. Moreover, to the existing keen merchant requirements for exchange to cover imports, as already mentioned, was added further pressure in the early summer by an even more vigorous demand for import goods, and particularly for raw cotton. This was in turn followed, as so often happens, by rumours and speculative demands for exchange. As a result the rate could not be held at the higher levels.

Eventually, after falling as low as 3.3/8d., the outbreak of the European war brought a revulsion of feeling and, with a better export outlook, the end of the year showed a steadier trend.

The existence of the Stabilisation Fund remains a powerful factor in the background, and there is every reason to expect that it will serve its purpose.

COLONY FINANCES

As regards Hongkong, your Chairman last year said that the currency and finances of the Colony were sound and that we looked forward to the future with confidence. Taking all things into consideration, our confidence has been fully justified; trade has kept up and our local companies have done well despite many anxieties. Government revenue has been maintained in a wonderful manner and the Colony's currency is as sound and as solid as ever.

There are, however, certain aspects of the financial situation of the Colony which give rise to uneasiness. In the past three years expenditure has increased by no less than one-third.

It is true that there have been some special reasons which partly account for this, and fortunately revenue has kept pace with the additional expenditure. But the outbreak of the war with Germany has brought about a change in the situation. It has been necessary to impose vexatious war-time restrictions, duties have been increased, and new taxation is envisaged in order to enable Hongkong to bear its share of the war burden of the Empire.

As a consequence the ordinary revenue of the Colony may be indirectly affected before very long.

But apart from potential expenditures for defence purposes

the Colony has been spending, and is proposing to spend, considerable sums on unproductive measures which entail continuously increasing overheads, including provision for new salaries and pensions, lasting for many years. Once such commitments are made it is exceedingly difficult to prune them down, so I believe that most of us concur with the remarks of the War Revenue Committee about the continuous rise in the cost of Government and support their recommendation that an official investigation should be held to ascertain whether economies cannot be effected.

BUSINESS WITH JAPAN

There was little change in the scope of our business in Japan during 1939. A considerable expansion took place in the values of foreign trade, and exports to what the Japanese call the Yen-bloc countries were exceptionally high—that is to China, Manchoukuo and the Kwantung Leased Territory.

It is clear, however, that the economic system in Japan is undergoing severe strains and it is by no means easy to judge how developments will work out in the present year.

The European war has benefited the country, but not yet so much as was hoped. Japan is certainly in a better position to take advantage of the opportunities now opening to the Far East as a result of the war than others, but the many and increasing difficulties resulting from the conflict with China are a serious handicap.

OTHER COUNTRIES

I have little to say about the other countries in the East where we have branches. Up to the outbreak of the war conditions were dull and featureless, and it is a cynical reflection of the tragic state of the world that when war broke out trade at once improved in India, Malaya, the Philippines and the Netherlands Indies. We trust that while traders in these countries will obtain reasonable advantages from the rise in the prices of the primary commodities which they produce, they will at the same time remember the lessons of the past.

It is satisfactory that the Home Government, as well as local authorities, are taking measures to check speculation and profiteering which was so rampant in the last war and which resulted in such a disastrous reaction.

CONSERVATIVE POLICY

Finally, Gentlemen, I want to emphasise that we must not regard the coming year with complacency. We are recommending a conservative policy in the distribution of profits and are conserving our resources in order that we may face the uncertain future with a reserve of confidence. I trust that all British firms will do likewise, for there are few signs of any striking change for the better being likely to come over the political situation out here or in Europe in the near future. We have been warned by our Government of the difficulties ahead.

The Chancellor of the Exchequer said recently that the nation will in all probability have to swallow drastic medicine to escape the diseases which very seriously threaten us.

None of us can tell what this mad world holds in store a few months ahead. This being so it is immensely important that we should concentrate all our attention on helping to bring the war to a satisfactory conclusion.

Some 40 of our staff employed in London at the outbreak of war are now in the armed forces, and a few others are gradually being mobilised. Moreover, the source of supply for our Eastern staff has now dried up, so the time may come, and I fear undoubtedly will come, when we shall have to put up with serious dislocations and inconveniences. When, this is necessary we shall not complain.

I am quite sure that British subjects in Hongkong and the East generally are keenly anxious to be called upon to make any sacrifices that will help our cause. We do not want to escape because of our residence in this part of the world. Our friends at home sometimes forget that out here British subjects have often had to put up with greater hardships and trials than are ever experienced in the Home Country.

TIENTSIN CONDITION

Without going back further, take for instance the conditions which Tientsin people have been enduring for the past nine months and the state of affairs at Hankow and many of the smaller ports, about which considerable indignation has been expressed both at home and in the East.

Such experiences now and in the past make us perhaps all the better prepared in firmness of determination to carry on out here and to face with confidence whatever the future may have in store.

And come what may we shall continue, whatever others may do, steadfastly to uphold those traditions which Lord Halifax recently described as "the old standards of conduct and human decency laboriously built up by mankind." By these methods we fervently trust that this war will yet result in the establishment of a higher and nobler standard of conduct between nation and nation and between man and man.

I now beg to propose the adoption of the Report and Accounts as presented, and after they have been seconded I shall be pleased to answer to the best of my ability any question that may be asked.

SECONDER'S SPEECH

Mr. E. Cock, in seconding, said: Mr. Chairman—Ladies & Gentlemen.—Before I second the Chairman's proposal that the Report and Accounts be adopted, I would like, if shareholders will bear with me for a few moments, to submit some observations, needless to say derived from my own opinions.

The first and rather obvious comment is that net profits, compared with the results of recent years, are down about two million dollars. The explanation that investments in Shanghai, and presumably in China generally, are responsible, was hardly necessary.

We know only too well the uncertainties which exist and persist; since the outbreak of what is known as the "China Incident," let us hope that the distressful ordeal to which her people have been subjected will result in China finding a yet greater soul than that which she has so valiantly striven to preserve.

FOREIGN LOANS

I now refer to the Chinese Government Foreign Loans. To me, as the man in the street in financial matters, it appears odd that any group of people should be permitted to be in China and to try to take over her assets, while ignoring her liabilities. As I see it, the right to collect China's revenues obliges the collector to pay her just dues.

I am glad to hear from the Chairman that the Chinese Government will resume the full service of their obligations as soon as they are able. In doing this they will continue to hold our respect.

SHANGHAI RECOVERY

I fully share the Chairman's view that Shanghai will recover its position, for, I believe, that natural things which have come into being of themselves will continue for the very reasons which created them. Nearer home is Canton, cut off now from both China and the world, needing only confidence and contact for its restoration.

Likewise I am in accord with the Chairman's remarks about Hongkong. I would like to see a greater proportion of the Colony's revenue ploughed back into the Colony. It is a policy which I believe always pays.

Tied as we are by so many bonds to a not fully developed China and so small when compared to her vastness, all we could hope is to bear a torch to light her way.

TRADITIONS UPHELD

I think we can truly claim that this Bank has upheld our best traditions and really has shown China, by example as well as by precept, what is the way.

We are glad to hear that the staff in Hamburg got home safely. We are proud that some forty of the London staff are with the fighting forces. The greater burden which will fall on those who are left will, I am sure, be gladly borne.

Courage is a characteristic of the Bank, and I am glad that the Chairman's review leaves it to me to voice, however inadequately, our appreciation of the staff who have worked with energy and loyalty to give us not only the tangible result of their work of the year but also confidence in the future, which future can scarcely be expected to be more difficult than the times in which we in China have lived.

GREATER SECURITY

To many of us whose constant endeavour is, by ways more devious and complicated than the simple way I shall put it to you, effectively to make two by two or two and two into four, there will still be satisfaction that the Bank can make them five instead of five pounds ten. Not that I welcome the cut in dividend—for who could?—but I am able to find comfort in the fact that the greater security the less the dividend, while I believe that the smaller the dividend the greater should be—will be—our security.

The Bank functions in so many parts of the Empire that not only its staff but its shareholders and its clients must be considerably involved in the great upheaval in Europe.

In these difficult and dangerous times may we all, working or fighting for that freedom which will surely bring with it happier times for one and all of us, uphold our great traditions.

I now formally beg to second the adoption of the accounts for the year 1939.

The report and statement of accounts were unanimously approved.

OTHER BUSINESS

The Hon. Mr. S. H. Dodwell, Mr. A. H. Compton and Mr. G. Miskin were re-elected Directors upon being proposed by Mr. S. T. Williamson, seconded by Mr. Wong Ping-sun.

Mr. John Fleming and Mr. H. R. Forsyth were re-elected auditors upon being proposed by Mr. P. B. Cassidy, seconded by Mr. J. H. Beth.

This concluded the business of the meeting. The Chairman then announced that dividend warrants were ready.

ATTENDANCE

The following were present at the meeting:—

The Hon. Mr. A. L. Shields (Chairman), Mr. H. V. Wilkinson (Deputy Chairman), Mr. J. K. Rousfield, Mr. A. H. Compton, the Hon. Mr. S. H. Dodwell, Mr. D. F. Landale, Mr. G. Miskin, Mr. K. B. Morrison, the Hon. Mr. T. E. Pearce and Mr. C. O. Roberts (Directors), Mr. Vandeleur M. Grayburn (Chief Manager) and the following shareholders:—

Messrs. E. Cock, S. T. Williamson, Wong Ping-sun, P. B. Cassidy, J. H. Beth, A. Morris, D. C. Edmondston, T. J. J. Fenwick, J. M. Alves, Ho Wing, A. Morris, D. V. Steavenson, H. W. Page, P. C. Potts, J. A. Tarrant, Fung Kong-um, C. Huang, F. W. Stapleton, J. Fleming, W. Allen, R. A. Dastur, M. Nemasee, H. N. Ferrers, L. C. F. Bellamy, H. Owen Hughes, C. B. Brown, N. V. A. Croucher, H. R. B. Hancock, L. Kadoorie, S. M. Churn, G. G. N. Tinson, A. W. Hughes, A. Sommerfelt, F. H. Winter, H. J. Armstrong, H. R. Burt, Lo Kai-wing, H. S. Hills, J. F. Macgregor, E. S. Abraham, H. R. Forsyth, A. N. Macfarlane, H. Dawson-Grove, Dr. F. H. Kew, the Rev. H. K. Wells and others.

HONGKONG, THURSDAY, FEBRUARY 29, 1940.

CHINESE TRADE INCREASE FAVOURABLY REFERRED TO AT HONGKONG BANK ANNUAL MEETING

War's Strain On Japan's Economic System

CONCERN OVER RISING COST OF GOVERNMENT IN HONGKONG

The Chinese Government's work in developing trade despite transportation and other difficulties, and the persistence and enterprise of individuals in keeping alive the channels of commerce, were favourably commented upon by the Hon. Mr. A. L. Shields, Chairman of the Board of Directors, at the annual meeting of the Hongkong and Shanghai Banking Corporation yesterday.

Reference was also made by Mr. Shields to the servicing of the Chinese Government foreign loans. He said that the interruption of the debt service was only a temporary measure, and that responsibility for the failure did not rest with the Chinese Government.

Speaking on the effects of the Sino-Japanese hostilities on Japan, he said that the economic system of that country was undergoing severe strain and it was by no means easy to judge how developments would work out in the present year.

Mr. Shields said certain aspects of the Colony's financial situation gave rise to uneasiness.

"I believe that most of us concur with the remarks of the War Revenue Committee about the continuous rise in the cost of government and support their recommendation that an official investigation should be held to ascertain whether economics cannot be affected," he said.

The final dividend approved yesterday was £2.10s. per share, which was lower by 10 shillings than last year's dividend.

CHAIRMAN'S SPEECH

The Hon. Mr. A. L. Shields, Chairman, said: Ladies and Gentlemen.—The report and statement of accounts having been in your hands for the required period, I will, with your permission, take them as read.

After making full provision for all known losses and contingencies and after writing down investments, the net profits for the year amount to \$13,353,965.48, to which must be added \$3,409,634.28 brought forward from last year.

The interim dividend of £400,000 paid at 1/23/4 and Directors' remuneration have to be deducted. There then remains available for distribution \$10,165,111.08, which it is proposed to allocate as follows:

To pay a final dividend of £2.10/- per share (subject to the deduction of income tax) ..	\$ 6,453,781.51
Transfer to Bank Premises Account ..	300,000.00
Carry Forward to New Account ..	\$ 4,111,329.55
	<hr/> \$10,165,111.08

The figures of our balance sheet have been converted at the rate of 1/27/8d. per dollar.

A REDUCTION

Your Directors regret that it has been necessary to recommend a reduction in the final dividend by 10/- this year, but I am sure you will realise that the heavy decline in the value of the Shanghai dollar necessarily means a decline in the Hongkong dollar value of investments which such an institution as the Bank must have in Shanghai. I am glad to say that

this loss has been met out of the year's earnings so that the resources of the Bank have not been impaired. I trust you will approve of this action which is, I think, the only sound policy.

BALANCE SHEET

With regard to our Balance Sheet, there have been sundry changes, the principal ones being a reduction in our notes in circulation in excess of our authorised issue by 15 million dollars, which is offset by a similar reduction in our holding of Government Certificates of Indebtedness. Current Accounts are lower by some 33 million dollars, but on the other hand Bills Payable are higher by about 18 million dollars. On the other side of the book, Cash is lower by 19 million dollars and Securities by 29 million dollars, against which Bills Receivable have increased by about 35 million dollars.

In 1938 your Chairman warned shareholders that conditions in the Far East were more serious than they had ever been in the history of the Bank. Last year your Chairman noted how precarious and changeable the outlook must inevitably be whilst China and Japan remained antagonistic. Now we find ourselves in the third year of this Sino-Japanese conflict which has been taking place on our very doorsteps and the end of which is not yet in sight. On top of this our own country is involved in a war which may prove to be the most serious in its long history. Considering this state of affairs as well as our proposal to reduce the final dividend, shareholders would have justification for expecting a gloomy report from their Board of Directors. But as a matter of fact the strength of our balance sheet is only too apparent. It is the political outlook that is depressing.

CLOSED TO TRADE

I would remind you that several of our branches such as Hankow, Canton, Foochow and Swatow are in treaty ports which are virtually closed to trade. From Hamburg we of course have no information, but the British members of the staff got home safely. Other branches are in places where trade is greatly handicapped by political difficulties, currency experiments and trade controls. Yet we have weathered the Far Eastern war for two and a half years without suffering any severe effects.

In spite of dislocations at some ports and the closure of certain channels, new outlets have developed and the general rise in the prices of commodities produced in the countries where we operate has caused a welcome improvement in recent months. Stock markets in the important centres out East have also responded; this too has been decidedly helpful, although we are anxious that such rises should not be overdone.

FOREIGN LOANS

I do not propose this year to refer to political events in the Far East, except in so far as they affect certain topics with which we are particularly concerned. One of these topics relates to the Chinese Government foreign loans, in floating many of which we took a leading part. During the past year these loans, as I am afraid some of you are painfully aware, have gone into complete default for reasons beyond the control of the Chinese Government. The measures taken last Spring to set up a currency stabilisation fund led to hopes that it would be possible for the Government to come to a temporary arrangement whereby during the period of hostilities the transfer of funds abroad for the service of the Customs and Salt secured loans would continue to be possible, even though at a reduced rate. Negotiations were in fact initiated by the Minister of Finance and discussions took place with the Chinese Bondholders' Committee in London.

A question which was raised at that time in the home press was that of the prior rights of certain loans. It was strongly represented, and quite justifiably in our opinion, that under the terms of their contracts the various loans had claims on Customs, or Salt Revenue, or both, ranking in order of date, and that this distinction should therefore be recognised as a matter of principle.

ACTION SUSPENDED

Unfortunately before a final decision was reached, the difficulties which arose in the Shanghai exchange market forced the Minister of Finance to suspend action. He made it clear, however, that the interruption of the Debt Service was only a temporary measure, and that the Chinese Government had every intention of resuming the full service of their obligations at the earliest possible moment.

As a gesture of good-faith, estimated quotas of the shares due from Customs and Salt offices, which still remain under the direct administration of the Government, have throughout the past year been regularly set aside in the Central Bank of China in national currency reckoned at the official rate of 1/21/4d.

The total revenue collected by the Chinese Maritime Customs Administration amounted to 331 million dollars in the year 1939. But in fact roughly 83% of this revenue was collected in ports under Japanese control, and we estimate that at the end of the year some 380 million dollars of Customs funds should have been lying in the Yokohama Specie Bank awaiting the outcome of the Sino-Japanese conflict.

It is clear, therefore, that responsibilities for failure to meet the service of the Customs Loans does not for the time being rest on the Chinese Government.

The Customs Foreign Trade figures for 1939 must again be interpreted with great caution owing to the fact that their method of presentation, the fluctuating exchange rates, trade controls and other complications, make comparisons very unreliable. However, an examination of these figures makes it clear that, compared with any of the last three years, import values increased appreciably (and this omits war munitions), whilst export values were lower.

The growth in the adverse balance of trade, which was particularly pronounced in the first half of the year, caused a strain which fell almost entirely on the Shanghai exchange market. This was so, because trade through the Chinese controlled ports was kept fairly well balanced by the measures of restriction adopted by the Chinese Government, but in North and Central China conditions were such, as I will show later, as to encourage a demand for goods while exports suffered from the situation prevailing in the hinterland. Later on in the year the fall in exchange checked the import demand and the rise in prices consequent on the European war resulted in an improvement in the export position.

MOVEMENT OF TRADE

In connection with the movement of trade, what stands out above everything else is the fact that in spite of transportation difficulties, military interference and other hindrances, goods continue to flow inwards and outwards in an astonishing volume considering the circumstances. So long as crops are grown and essential manufactured goods are available, so long will they keep moving in China.

The sheer persistence and enterprise of individuals have been responsible for much of this, but the Chinese Government have themselves taken a very active part in fostering the outflow of exports. Naturally the Government's difficulties are now greater than ever before as a result of the loss of Nanning and the bombing of the Yunnan Railway.

Shanghai merchants, both Chinese and foreign, have also played a prominent part in keeping the wheels of trade moving, and last year they managed to overcome many of the obstructions which existed in 1938.

A remarkable fact is that the tonnage of vessels which cleared from Shanghai for foreign countries was in 1939 only 8% lower than in 1938, the last normal year, and the port of Shanghai, this shows that it will in due course have no difficulty in recovering its position as one of the first half-dozen ports in the world.

Of great importance too was the manner in which last year Shanghai re-established itself as the main manufacturing and supply depot for such parts of the interior as can be reached (and these are many), for coastal ports and for countries further afield. A clear indication of the growth of this industrial activity is seen in the consumption of electricity supplied by the Shanghai Power Company which at the end of the year approached the record output. This was in spite of the fact that Chinese factory owners still left unoccupied and unworked important plants in the Northern and Eastern parts of the Settlement.

While there is a strong undercurrent of optimism in commercial and industrial circles in Shanghai, we must emphasise that so long as the administrative problems of Greater Shanghai are unsettled there will be reasons for dissatisfaction about the situa-

HONGKONG SHARE QUOTATIONS

STOCK EXCHANGE				SHAREBROKERS' ASSOCIATION			
Buyers	Sellers	Sales	Nominal	Buyers	Sellers	Sales	Nominal
WED., 28. FEB.							
Banks							
\$1480	\$1490	1480	70 C.D.	H.K. Bank	...	...	...
...	Do. (Col. Reg.)	...	...	...
...	Do. (Lon. Reg.)	...	...	...
...	Chartered Bank	...	...	...
...	Mercantile Bk.	...	...	...
...	Bank of East Asia	...	...	...
...	N. C. & S. Bank	...	...	...
...	Insurances	...	...	...
...	Canton Insurance	...	...	...
...	Union Insurance	...	...	...
...	Underwriters	...	...	...
...	H.K. Fire	...	...	...
...	Shipping	...	...	...
...	Douglas	...	...	...
...	Indo-China (Fr.)	...	...	...
...	Indo-China (Dad.)	...	...	...
...	Shells	...	...	...
...	Waterboats	...	...	...
...	Docks, Wharves, Godowns, etc.	...	...	...
...	H.K. & K. Wharves	...	...	...
...	Provident	...	...	...
...	Provident (new)	...	...	...
...	H.K. & W. Docks	...	...	...
...	Do. (new)	...	...	...
...	Shanghai Docks & New Engineering & Mining	...	...	...
...	Kailans	...	...	...
...	Baubs	...	...	...
...	Venezuela Gold Fide	...	...	...
...	Hong Kong Mines	...	...	...
...	Lands, Hotels and Buildings	...	...	...
...	H.K. Hotels	...	...	...
...	H.K. Lands	...	...	...
...	Do. 4% Debentures	...	...	...
...	Shanghai Lands & H.K. Realities	...	...	...
...	Hampshire	...	...	...
...	Chinese Estates	...	...	...
...	Cotton Mills	...	...	...
...	Evo. (S.)	...	...	...
...	S'hai Cottons (S.)	...	...	...
...	Zong Sings (S.)	...	...	...
...	Wing On Textiles (S.)	...	...	...
...	Public Utilities	...	...	...
...	Tramways	...	...	...
...	Star Ferries	...	...	...
...	Y'mat Ferries	...	...	...
...	China Lights (O.)	...	...	...
...	China Lights (New)	...	...	...
...	China Lights Rta.	...	...	...
...	H.K. Electric	...	...	...
...	Macao Electric	...	...	...
...	Sandakan Light	...	...	...
...	Telephones (old)	...	...	...
...	Telephones (new)	...	...	...
...	Tractions	...	...	...
...	Tractions (pref.)	...	...	...
...	Industrials	...	...	...
...	Cald. Macg. (Ord.) & Cald. Macg. (Pref.)	...	...	...
...	Canton Iron	...	...	...
...	Cement	...	...	...
...	Ropes	...	...	...
...	Miscellaneous	...	...	...
...	Dairy Farm (Old)	...	...	...
...	Dairy Farm (New)	...	...	...
...	Ch. M'ntments	...	...	...
...	Construction (old)	...	...	...
...	Construction (new)	...	...	...
...	Lane Crawford	...	...	...
...	Nanyang Tobacco	...	...	...
...	Singapore	...	...	...
...	Waco	...	...	...
...	Ch. G. 5% 1936 Bds.	...	...	...
...	H.K. Govt. 4% Loan	...	...	...
...	H.K. Govt. 4% Loan	...	...	...
...	H.K. Wing On	...	...	...
...	S'hai Wing On	...	...	...
...	Vibro Piling	...	...	...
...	Marsman Inv. (Loc.)	...	...	...
...	Marsman Inv. (H.K.)	...	...	...
...	Wm. Foralls	...	...	...
...	Sales to Shanghai	...	...	...

Finance and Commerce

H.K. STOCK EXCHANGE

There was less activity in the market during the short session.

BUYERS

H.K. Bank, \$1,480.
Canton Ins., \$225.
Fires Ins., \$185.
Wharves, \$103.
Hotels, \$5.60.
Humphreys, \$71.
Realities, \$5.
Star Ferries, \$67½.
China Lights (New), \$5.20.
Sandakan Lights, \$11½.
Dairy Farms (Old), \$22.10.
Watsons, \$9.60.
Entertainments, \$7.40.

SELLERS

H.K. Bank, \$1,490.
Docks, \$23.80.
Hotels, \$5.60.
Lands, \$40.
Tramways, \$18.35.
China Lights (New), \$5½.
Telephones (Old), \$31.
Watsons, \$9.80.

SALES

H.K. Bank, \$1,470.
Providents, \$4.95½.
Tramways, \$18.30/25.
China Lights (Old), \$8½.
Electrics, \$69/68½.
Telephones (New), \$12/11.90.
Cements, \$20.20.
Watsons, \$9.80.

MANILA GOLD SHARES

Atoles 18s, Antamok 15s, Bagulo Gold 20s, Batong Buhay 01½, Big Wedge 20b, Coco Grove 12½, Con. Mines 030s, Demonstration 11½b, East Mindanao 10s, I.X.L. 35s, Ipo Gold 10½b, Itogon Mining 28s, Manubulo Con. 014s, Masbate Con. 09½, Mind. Motherlode 10s, Mine Operation 10b, North Camarines 09½, Paracale Gummas 22s, San Mauricio 77s, Surigao Con. 18b, Suyoc Con. 12b, Syndicate Inv. 022b, United Paracale 27½, Benguet Con. 5.65s.

COTTON TRADE AND WAR CONDITIONS

The present position of the cotton industry, the incidence of the Excess Profits Tax, and the importance of "unity on the Lancashire front" were referred to in the presidential address of Mr. Francis Grundy at the annual meeting of the members of the Manchester Chamber of Commerce.

"Our export trade customers," he said, "may safely be assured that we certainly intend to do everything possible to serve them well in spite of the war. I think they will be well advised to buy as steadily as they can. All the precedents show that war conditions tend to strengthen world demand."

"Our prices are controlled at the yarn end already and may be further controlled, but buyers would do well to remember that in similar circumstances in the past world price tendencies have usually been upward. Furthermore, it may be well to bear in mind that cotton goods have been very cheap compared with other commodities for several years past."

The distribution of cotton goods overseas was an intricate task, and the aim should be to avoid any dislocation of the usual channels of trade. The looseness and flexibility of the channels of distribution could not help presenting difficulties to any controlling authority, and there might be a temptation to regiment everything unduly. If such a temptation arose he trusted it would be resisted.

EXCESS PROFITS

Discussing the Excess Profits Tax, Mr. Grundy said it should be made clear that there was no reluctance on the part of the business community to bear the

burden of taxation which the war rendered necessary, and any representations they might make about Excess Profits Tax would not be inspired by a desire to shirk financial responsibilities. It was, however, important that a heavy and onerous tax of this nature should be so devised as to fall equitably upon all taxpayers, and it would be much against the national interest if it were left as it now stood when unquestionably industries like the cotton trade, which had passed through a period of great difficulty just before the war and were weaker on this account, should be more heavily penalised than others which were really more fit to bear the burden.

Chilean Wool For Britain

NEW YORK, Feb. 23 (Reuter).—The Dow Jones Agency states that the Chilean Consulate-General in New York announced that the Chilean Exchange Control Commission and representatives of the British Government signed an agreement whereby Britain will buy wool to the value of £800,000 in Chile.

The exchange balance thus created will be liquidated by the purchase of British merchandise.

HONGKONG SHAREBROKERS' ASSOCIATION

Volume of Business Transacted on Wednesday, Feb. 28, 1940	
H.K. Banks	2 \$1,470.00
Cements	100 20.00
Cements	250 20.00
China Lights (O.)	100 8.75
China Lights (O.)	100 8.75
China Lights (O.)	100 8.70
China Lights (O.)	500 8.70
China Lights (O.)	300 8.65
China Lights (O.)	500 8.80
China Providents	500 5.00
China Providents	2,000 4.95
China Providents	2,000 5.00
H.K. Docks	300 23.50
H.K. Docks	300 23.50
H.K. Docks	25 23.50
H.K. Electric	500 68.25
H.K. Electric	200 68.25
A.S. Watsons	200 9.70
A.S. Watsons	150 9.80
H.K. Tramways	200 18.25
Yamatu Ferries	100 28.00
	8,427

The total balance is 18,697.50.

SHIPMENTS FROM AMERICA TO SOVIET BEING RESOLD TO NAZIS?

QUESTIONS ASKED IN COMMONS

LONDON, Feb. 28 (Reuter).—Answering suggestions made at question time in the House of Commons yesterday that American shipments of tin, oil and rubber to Vladivostok might be finding their way to Germany, Mr. R.H. Cross, Minister for Economic Warfare, said he was aware that shipments of tin and rubber from America to Russia had increased in the past few months, but shipments of petroleum appear to have decreased.

He had no information whether part of these materials were being resold to Germany.

U.S. POSITION

Mr. G. le M. Mander (Lib.) suggested that the Government should obtain assurances on this point from America.

Mr. Cross pointed out that the United States was a neutral country. He did not feel that it would be our best course to make such a direct approach.

NO EXCLUSION

Mr. le M. Mander recalled that negotiations were proceeding with a number of neutrals to prevent this kind of thing and asked why the United States should be excluded.

Mr. Cross said that the countries with whom these negotiations were proceeding were subject to our contraband control, but there was no such sanction where the United States was concerned.

WAR MATERIALS

LONDON, Feb. 28 (Reuter).—Russian imports of war material was the subject of a question in the House of Commons yesterday by Rear Admiral Beamish, replying to which, Mr. Cross stated that Russian imports of war material, except from Germany, appeared to have been considerably reduced in recent months.

Imports of certain raw materials, including rubber, copper and molybdenum, during the period September to January, were, however, larger than during the same period in 1937-38.

METHOD OF ENTRY

These imports entered the Soviet Union at Vladivostok and came from the United States directly, or through Mexico, from the Philippines and from the Dutch Indies.

The ships employed appeared mainly to be Soviet, Dutch, Japanese and Norwegian. These ships do not pass through the British Contraband Controls.

BRIGHTER TONE ON STOCK EXCHANGE

LONDON, Feb. 28 (Reuter).—On the Stock Exchange, after a quieter session, the markets brightened up in the final stages, with gilt-edged and home rails tending to improve.

Oil maintained their earlier gains, but industrials moved irregularly.

Kafirs were very quiet, pending the presentation of the South African Budget but among commodities, tin was strong and active, following Monday's reduction of the quota.

The bulk of the business was mainly speculative and the turnover amounted to 525 tons. Wall Street was steady.

LONDON STOCK EXCHANGE

(REUTER'S SERVICE)

London, Feb. 27.

The following quotations are the middle prices at the close of the market in London. All quotations are subject to confirmation and no responsibility is assumed for errors in transmission.

	(bearer)	
War Loan, 3½% (Red after 1955)	99½	Chosen Corporation
Canton-K'loon Rly. 5%	18	Pekin Syndicate
Chinese 4½% Gold Loan 1898 (Brit. Issue)	60	S'hai Elec. Constr. Co.
Chinese 5% Gold Bonds 1925-47	50	S'hai Waterworks "A"
Chin. 4½% Anglo-French Loan, 1908	50	Union Insurance
Chinese 5% Crisp Loan, 1912	30	Gula Kalumpung Rubber
Chinese 5% Reorg. Loan, 1913 (Ldn. Is.)	40	Allied Ironfounders
Chinese 8% Ster. Notes, 1925 (Vickers)	12	Asso. & Elec. Industries
Chin. Imperial Rly. 5% Loan	55	Austin Motors, ord.
Honan Rly. 5%	18	Cable & Wireless, New Form, ord.
Hukuang Rly. 5%, 1911-19	19	B.-A. Tob. (bearer)
Hukuang Rly. 5%, 1911 (German Issue)	17	Mexican Eagle
Lung Tsing & U. Hai Rly. 5% 1913	14	Cammell Laird, ord.
S'hai-N'K'ing Rly. 5%	20	Mexican Eagle
Tientsin-Pukow Rly. 5% (Brit. Stpd.)	16	Courtaulds
Tientsin-Pukow Rly. 5% (German Stpd.)	16	Distillers
Tientsin-Pukow Rly. 5% (Brit. Stpd. Supl. Loan)	16	Dunlop Rubber
Tientsin-Pukow Rly. 5% (Ger. Stpd. Supl. Loan)	16	Gen. Electric (England)
Jap. 5% Ster. Loan, 1907	52	Guinness (A) Son & Co.
Jap. 6% Ster. Loan, 1924	55	Hawker Siddeley Air.
Ger. 7% Int'l. Loan, 1924	71	Bristol Aeroplane
Chartered Bank	9	Imperial Chemical Ind.
H.K. & S'hai Bank (Ldn. Reg.)	89	Imperial Tobacco
H.K. & S'hai Bank (Col. Reg.)	91	Marks & Spencer "A" ord.
Chinese Eng. & Mining		Rolls Royce
		Leyland Motors
		Tate & Lyle
		Turner & Newall
		United Steel
		Smethwick Drop Forg.
		Armstrong Stevens, ord.
		Fressed Steel, com.
		Vickers, ord.
		Woodwards
		Anglo-Dutch
		Rub. Plant Invest. Trust
		Burma Corporation
		Commonwealth Mining
		Marsman Investments
		Randfontein Estates
		Western Holdings
		Sub-Nigel
		Tanang-Gold Mining
		Anglo-Iranian
		Burmah
		Shell Trans. & Trad. (bearer)
		Nominal

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UNITED TRADERS—Hong Kong.
IMPORTS TO BRITAIN FROM FRANCE
LONDON, Feb. 28, (Reuter).—Following the recent understanding between Britain and France, the Board of Trade announced that they had arranged for a substantial relaxation in restriction on imports from France.

Hongkong Daily Press
CLASSIFIED ADVERTISEMENTS

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FOREIGN MARKETS & QUOTATIONS

MONEY AND EXCHANGE

CLOSING QUOTATIONS
FEBRUARY 28, 1940

On London:—	
Telegraphic Transfer 1/8 13/16	
Bank Bills on demand 1/8 13/16	
Credits 4 months sight 1/3 1/8	
On Shanghai:—	
On demand 350	
On Singapore:—	
On demand 52 1/8	
On Japan:—	
On demand 103	
On India:—	
Telegraphic Transfer 82 1/8	
On demand 82 1/8	
On New York:—	
Bank Bills on demand 24 5/16	
Credits 60 days sight 24 1/16	
On Batavia:—	
On demand 45 1/4	
On Paris:—	
Bank Bills on demand 108 5/8	
Credits 4 months sight 1140	
On Saigon:—	
On demand 108 1/4	
On Manila:—	
On demand 48 5/8	
On Bangkok:—	
On demand 160 1/4	
On Sterling Notes:—	
Bank Buying Rate 1/31 1/16	
Bar Silver per oz 20 3/8	

Market Report

FROM ROZA BROS.
Silver prices rose yesterday to the extent of 3/16 for Ready and 1/8 for Forward, the quotations being 20 3/8 for both deliveries. Silver advances reported Bears as having covered to a small extent. The market was steady. American Silver was quoted at 34 3/4 for Spot.

The London-New York cross-rate was quoted at 402 1/2. New York-London was quoted at 395 3/8.

Steady but quiet.
Sterling

There were sellers at 1/22 3/32 February and 1/27 1/8 March/June, buyers at 1/21 5/16 Cash and 1/2 29/32 March.

U.S. Dollars
A small transaction was reported at 24 1/16 for Cash. The market closed with sellers at 24 1/16 Cash and 24 1/2 March, buyers at 24 5/8 Cash and 24 9/16 first half March.

Shanghai Dollars.
Sellers 359, buyers 359 1/2.

Shanghai Market
Opened with sellers at 49 5/8 and 6 13/16 and towards the close sellers for Sterling were quoted at 4 5/32 and U.S. Dollars at 6 27/32 for Spot.

Shanghai Exchange
Shanghai, Feb. 28 (Reuters).
Official T.T. Rates

London 0/4
New York 6-9/16
Japan 27-7/8
India 22-1/8
Paris 2-84
Hongkong 26-3/4

Opening Closing
Spot 0/4-9/64 0/4-9/64
Feb. 0/4-9/64 0/4-9/64
Mar. 0/4-3/32 0/4-3/32

U.S. Dollars
Spot 24-13/16 24-13/16
Feb. 6-13/16 6-13/16
Mar. 6-23/32 6-23/32

Merchant Rates
Sterling 0/4-1/8
U.S. Dollars 35-3/4

Silver Duty Rate
The Central Bank of China's rate on London at 10 a.m. today was 1/2-1/2d.

The Equalisation rate was 6 per cent.

India Rupee Paper
Bombay, Feb. 27 (Reuters).
Govt. 3 1/2 Rupee, 82-12-0.

Calcutta Exchange
Calcutta, Feb. 27 (Reuters).
T.T. on Japan, 80-1/8.

New York Exchange
New York, Feb. 27 (Reuters).
T.T. on London (Opening Rate), 395-1/8.

LONDON METALS EXCHANGE
London, Feb. 27 (Reuters).
Covers sellers

TIN
Standard, Cash 254-1/2 254-3/4
Standard, 3 months 254-1/2 254-3/4

Settlement Price 254-3/4
Strait Settlement 254-3/4

LONDON GOLD
London, Feb. 27 (Reuters).
Bar Gold, Fine per oz, 168.

PAYNE & CO.

COMMODITY BROKERS
STOCK EXCHANGE BUILDING
HONGKONG

COMMODITY MARKET REVIEW

(FROM PAYNE & CO.)

SINGAPORE RUBBER				
Previous	February 27			
Closing	Opening	Closing	Change	
Buyers	Buyers			
37-5/8	37-3/4	37-3/4	up 1/8	
36	36-1/8	35-7/8	off 1/8	
34-5/8	34-3/4	34-1/2	off 1/8	

After ruling steady, the market became easier.
LONDON RUBBER
Previous close Today's close
Buyers
12-15/16 12-13/16 off 1/8
12-9/16 12-7/16 off 1/8
12 11-15/16 off 1/16
11-3/8 11-5/16 off 1/16
11-1/16 11 off 1/16

After ruling steady, the market became dull.
NEW YORK COTTON: There was a good volume of domestic Trade purchases and some foreign buying. The advance, however, attracted a decided increase in Southern selling and March liquidation.

NEW YORK RUBBER: Business today largely consisted of Trade switching to distant months.

CHICAGO WHEAT: There was less pressure on the market. On the local market, there is no change in sight. Terminal stocks in the South-West are decreasing liberally.

NEW YORK STOCKS: Previous close, 146.44; Today's close, 146.18; Change, off .26.

NEW YORK COMMODITY MARKET
(REUTERS SERVICE)

	High	Low	Prev. Close	Today's Close	Change
New York Cotton, Mar.	11.18	11.10	11.14	11.13	.01 off
New York Rubber, Mar.	18.22	18.10	18.27	18.10	.17 off
Chicago Wheat, May	10.93	10.81	10.92	10.81	.12 off
Chicago Corn, May	5.61	5.61	5.61	5.61	.00
New York Hides, Mar.	13.76	13.48	13.59	13.61	.02 up

Total sales Monday's 115,200 bales.

First Notice Day for March Cotton—27/2—Last Notice Day—15/3

NEW YORK RUBBER				
March	18.27/27	18.20/18	18.10/10	.17 off
May	18.05/06	18.02/11	17.98/98	.07 off
July	17.83/83	17.70/75	17.77/80	.06 off
September	17.70/70	17.65/66	17.77/77	.07 up
December	17.60/60		17.60 N	unch.

Total Sales—3,000 tons.

First Notice Day for March Rubber—28/2—Last Trading Day—27/3

CHICAGO WHEAT				
May	10.92/10.92	10.82/10.82	10.92/10.92	.10 off
July	10.82/10.82	10.72/10.72	10.82/10.82	.10 off
September	10.72/10.72	10.62/10.62	10.72/10.72	.10 off

Monday's sales—28,505,000 bushels.

CHICAGO CORN				
May	5.61/5.61	5.61/5.61	5.61/5.61	.01 off
July	5.61/5.61	5.61/5.61	5.61/5.61	unch.
September	5.61/5.61	5.61/5.61	5.61/5.61	unch.

WINNIPEG WHEAT				
May	8.81/8.81	8.81/8.81	8.81/8.81	.01 off
July	8.81/8.81	8.81/8.81	8.81/8.81	.01 off
October	9.1/9.1	9.1/9.1	9.1/9.1	.01 off

NEW YORK HIDES				
March	13.59/63	13.48/52	13.61/61	.02 up
June	13.81/81	13.81/81	13.90/91	.01 off
September	14.20/23	14.25/19	14.20/20	unch.

First notice day for March hides—26/2/40 last trading day—24/3/40.

New York, Official				
34-3/4		34-3/4		
NY-London Cross Rate	3.95-3/8		3.95-3/8	

Sinkiang Makes Big Strides
In Reconstruction

CHUNGKING, Feb. 27 (Central)—Sinkiang has made big strides in reconstruction, according to a new arrival from that province.

After the completion of the first three-year plan, a second three-year plan has been initiated.

To heighten the cultural level for the current year have been promoted. Educational expenses

for the current year have been fixed at over \$40,000,000.

MINING INDUSTRY
In reconstruction agriculture and animal husbandry are emphasized. Efforts are also exerted in industrial development, especially mining. There are many gold mines in Sinkiang, while coal and iron deposits are also abundant.

Mechanical farming devices have been introduced, and public land has been assigned to poor farmers.

BANK LOANS
Legal tender notes and notes issued by the Sinkiang Commercial Bank are used in the province. The aforesaid bank has extended loans amounting to over \$23,000,000 for reconstructive and productive purposes.

SILVER MARKET
LONDON SILVER
London, Feb. 27 (Reuters).
Silver—Little bear covering. Offerings small. Market steady in the afternoon, the market was quietly steady.

Spot, 60-3/8d.
Forward, 20-3/8d.

NEW YORK SILVER
New York, Feb. 27 (Reuters).
Silver, Official, 34-3/4.

BOMBAY SILVER
Bombay, Feb. 27 (Reuters).
Market—Steady. Offtake 50 bars.

Indian Mint Silver
Ready 57-07
Mar. 4 Settlement 55-07
Apr. 3 Settlement 56-11

NEW YORK STOCK EXCHANGE

QUOTATION

(REUTERS SERVICE)

STOCKS		STOCKS	
Last Sale	Feb. 27	Last Sale	Feb. 27
Adams Express	71	Kennecott Copper	37
Allegheny Steel Co.	22 1/2	Lakey Foundry & Mac.	41
Allied Stores	81	Libbey-Owens-Ford Glass	49 1/2
Alta Chalmers	36 1/2	Lockheed Aircraft	39 1/2
Aluminum Ltd.	89 1/2	Loew's Inc.	35 1/2
Amer. Can.	116	Mack Truck Inc.	24 1/2
American Cyanamid B.	36 1/2	Martin, Glen L.	40 1/2
Amer. & Foreign Power	18	McKesson & Robbins, pfd.	23 1/2
Amer. & Foreign Pfd.	24 1/2	Monasanto Chemical	109
American Gas & Elec.	34 1/2	Montgomery Ward	54 1/2
Amer. Locomotive	19	National Aviation	12
Amer. Metals Co.	24	Nat. Dairy Products	17
Amer. Radiator	9 1/2	Nat. Distillers	24 1/2
Amer. Rolling Mill	14 1/2	National Gypsum	11 1/2
Amer. Sugar Refining	21 1/2	National Lead	21
Amer. Tel. & Tel.	17 1/2	Nat. Power & Light	8
Amer. Tobacco "B"	89 1/2	National Supply Corp.	67 1/2
Amer. Waterworks	94	National Supply Corp.	81
Anacosta Copper	29 1/2	New York Central	16 1/2
Atchafalpa, T. & S. Fe.	22 1/2	Niagara Hudson Power	5
Baltimore & Ohio	11	N. American Aviation	24 1/2
Barber Asphalt Co.	14 1/2	North American Co.	21 1/2
Barnes Oil	11	Northern Pacific	8
Bethlehem Steel	75 1/2	Owens-Illinois Glass Co.	60 1/2
Bliss & Co.	13 1/2	Pacific Gas & Elec.	34
Boeing Aircraft Co.	23 1/2	Pacific Lighting	47
Boisjard Corp.	22 1/2	Packard Motors	31 1/2
Briggs Mfg.	20 1/2	Paramount Pictures	7 1/2
Brooklyn-Mhattan Trans.	19 1/2	Pennsylvania R.R.	22 1/2
Brooklyn-Mhattan S.S.	84 1/2	Phelps-Dodge	37 1/2
Canadian Pacific Rwy.	51	Phillips Petroleum	37 1/2
Case, J.I.	70	Pittsburg Coke & Iron	7 1/2
Celanese	28 1/2	Public Service of N.J.	42 1/2
Chesapeake & Ohio	29 1/2	Pullman Inc.	26 1/2
Chrysler Corp.	83	Pure Oil	81
Columbia-Molybdenum Co.	38	Radio Corp. of Am.	59
Columbia Gas & Elec.	91	Reading Company, Com.	15 1/2
Commercial Credit Co.	44 1/2	Reading Company, 1st pfd.	25 1/2
Corn. & Southern (Ord.)	11	Remington Arms Co., Inc.	41
Consolidated Edison	31 1/2	Republic Aviation Corp.	6 1/2
Consolidated Oil	72	Republic Steel	20 1/2
Copperweld Steel	15	Revere Cop. & Brass Inc.	12 1/2
Corn Products	63	Reynold Tobacco "B"	41 1/2
Curtiss Wright (C.)	104	Richfield Oil	48 1/2
Curtiss Wright "A"	26 1/2	Shawway Stores	12 1/2
Deere & Co.	21 1/2	Schenley Distillers	84 1/2
Distillers Corp. Seagrams	19 1/2	Sell Union Oil	11 1/2
Douglas Aircraft	82	Soco-Vacuum Oil	11 1/2
Du Pont de Nemours	183 1/2	Southern Pacific	12 1/2
Eagle Picher Lead	103 1/2	Southern Ry \$5 pfd.	28 1/2
Eaton Mfg. Co.	31 1/2	Sperry	44
Elec. Autolite	38	Spicer Manufacturing Co.	61
Elec. Bond & Share	61	Standard Brands	11 1/2
Elec. Bond & Share \$5 pfd.	67 1/2	Stand Gas & Elec.	24
Elec. Power & Light \$7 pfd.	28 1/2	Standard Oil of California	43
Fisk Rubber	15	Standard Oil of N.J.	10
Flintkote	19 1/2	Stone & Webster	11 1/2
Gen. American Trans.	52 1/2	Swift International	15 1/2
Gen. Electric	38 1/2	Technicolor	43 1/2
Gen. Motors	52 1/2	Texas Corp.	34 1/2
Gen. Railway Signal	184	Timken-Axle	51
Gen. Tire & Rubber	20 1/2	Trans-America Co.	11 1/2
Glidden Co.	17 1/2	20th Cent. Fox \$1 pfd.	23 1/2
Goodrich (R.F.)	19 1/2	Union Carbide & Carbon	83
Goodrich \$5 pfd.	68	Union Pacific	47
Goodyear Tire & Co.	22 1/2	United Aircraft	15 1/2
Great Northern Iron Ore	13 1/2	United Airlines Trans.	20
Great Northern Ry. pfd.	22 1/2	United Corp.	40
Great Western Sugar	27 1/2	United Gas Corp.	14 1/2
Greyhound Corp.	16 1/2	United Gas Improvement	21 1/2
Hercules Powder Co.	88 1/2	U.S. Industrial Alcohol	36
Homestead Mining	53 1/2	U.S. Rubber	112 1/2
International Harvester	55 1/2	U.S. Rubber \$5 pfd.	57 1/2
Int. Nickel	36 1/2	U.S. Steel	32 1/2
Int. Tel. & Tel.	31	Vanadium	32 1/2
Johns-Manville	60 1/2	Walworth Co.	54
J. & Laughlin Stepl \$7 pfd.	58 1/2	Warner Bros. Pict.	52
		Westinghouse Elec.	112
		Woodward Iron Cor.	24 1/2
		Chase National Bank	34 1/2
		National City Bank	29 1/2

DOW JONES AVERAGE		Feb. 28, 1940	
High	Low	High	Low
155.93	151.41	147.10	145.90
30 Industrial	30.83	30.80	30.56
30 Rail	27.70	27.70	27.70
30 Utilities	24.80	24.85	24.75
40 Bonds	83.78	83.78	83.78
Commodity Index	65.67	65.67	65.67
Business Done	510,000	510,000	510,000

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Chief Manager.
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WEATHER REPORT

Hongkong Royal Observatory
10 a.m., Feb. 28.

Barometer (at sea level), 29.87 ins.
Temperature, 69 F.
Humidity, 75 per cent.
Wind Direction, E/S
Wind Force (Beaufort), 4.
Temperature: maximum yesterday 69 F.
Temperature, minimum last night 63 F.

Rainfall for 24 hrs., ending 10 a.m. today, nil.

Total rainfall since January 1st 0.33 ins.

Against an average of 2.97 ins.

Sunset tonight 6.26 p.m.

Sunrise tomorrow, 6.46 a.m.

4 p.m., Feb. 23.

Barometer (at sea level), 29.87 ins.

Temperature, 69 F.

Humidity, 81 per cent.

Wind Direction, E/S.

Wind Force (Beaufort), 4.

Maximum temperature, 73 F.

Minimum temperature, 63 F.

Rainfall, nil.

HONG KONG TIDE TABLE

From 29 Feb. to 6 Mar. 1940.

Day of Week	Date	High Water		Low Water	
		Hong Kong Standard Time	Height	Hong Kong Standard Time	Height
Thurs.	29	h.m.	a.m.	h.m.	a.m.
		01 30	5 0	06 50	2 3
		13 40	6 0	18 30	2 4
Fri.	1	03 10	4 4	07 25	3 3
		14 42	6 0	19 10	2 5
Sat.	2	04 52	4 0	08 03	3 8
		16 57	6 0	20 50	2 3
Sun.	3	06 46	4 0	08 19	3 9
		17 15	6 1		
Mon.	4	08 00	4 3	09 10	2 0
		18 25	6 2	11 15	4 0
Tues.	5	08 35	4 0	01 35	1 8
		19 41	6 4	13 25	2 9
Wed.	6	09 04	4 3	04 06	1 6
		20 09	6 5	13 24	3 4

"This is going to be a long and expensive war," said Sir Robert M. Kindersley, president of the National Savings Committee at Liverpool. There was a moral responsibility on the mass of the people to save and lend to the Government to meet the cost of £6,000,000 a day.

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R. OHL, Agent.

Hong Kong, 1939.

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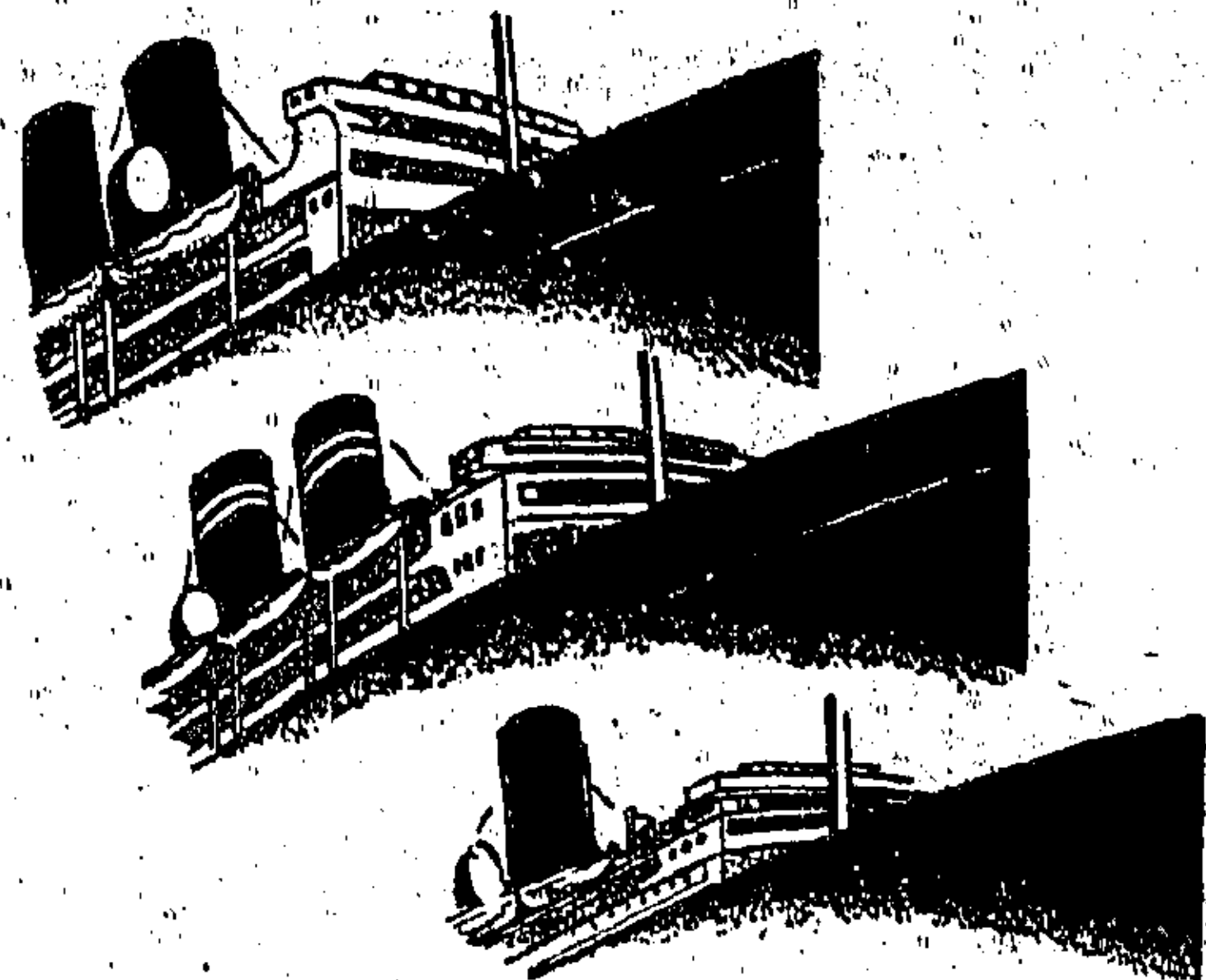
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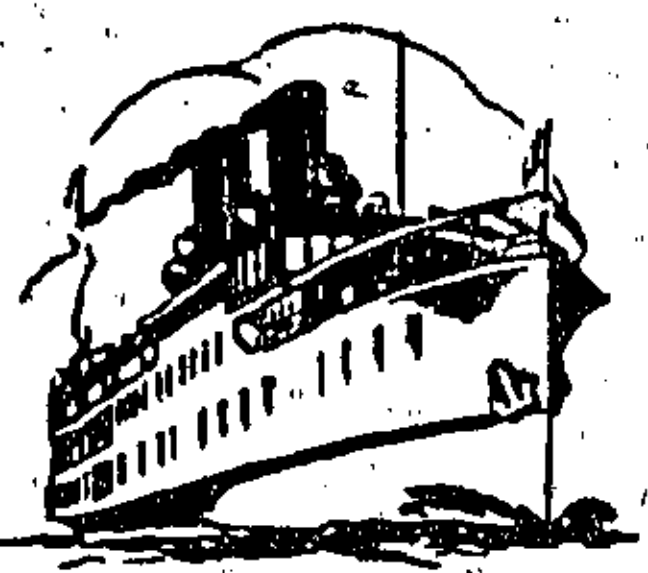
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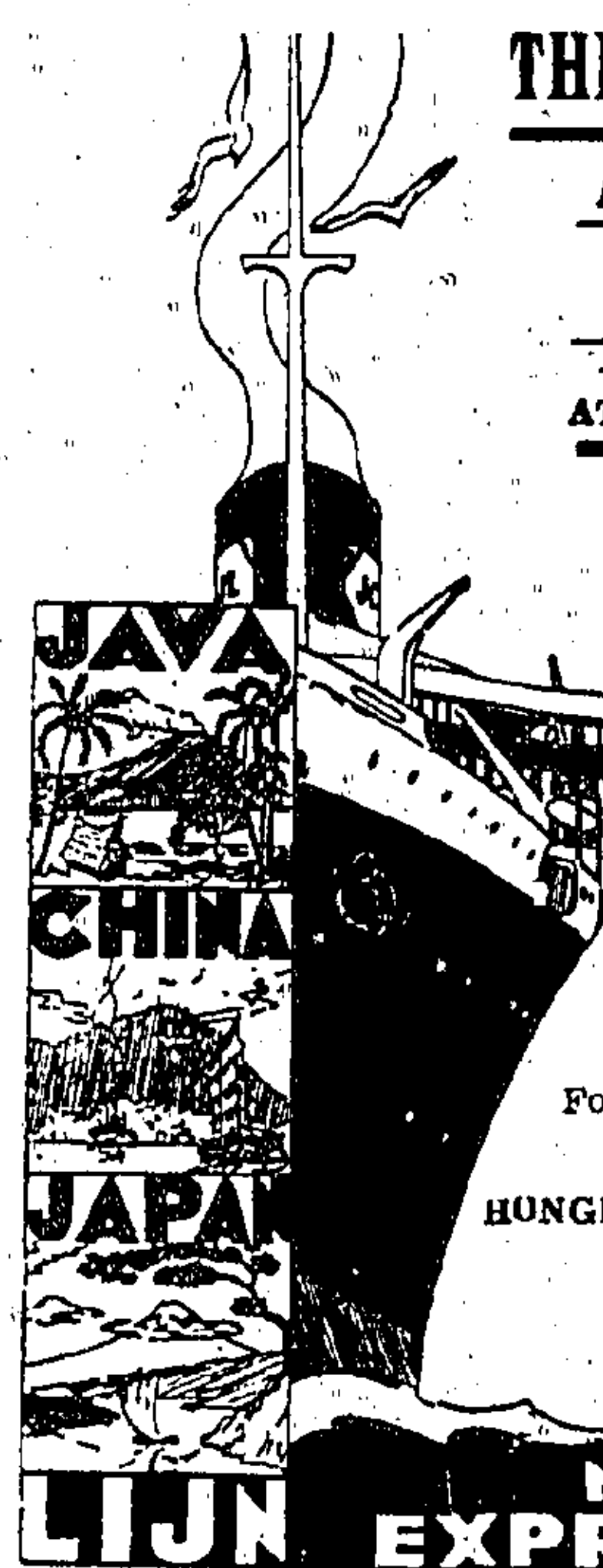
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DR. KUNG OUTLINES FINANCIAL PROGRAMME OF CHINA FOR YEAR

CHUNGKING, Feb. 28 (Central).—Dr. H. H. Kung, Minister of Finance and concurrently Vice-President of the Executive Yuan, outlines a four-fold financial programme for the current year in a special article.

Dr. Kung heads his programme with reconstruction, indicating his belief that the home-front would ultimately deal the knock-out blow to Japan. He makes it known that established reconstruction projects and new economic and industrial enterprises absorbing hundreds of millions of dollars, have been probed and overhauled.

To expedite the modernisation of the Southwest and the Northwest, the government bank, (Central Bank of China, Bank of China, Bank of Communications and Farmers Bank of China) as well as provincial banks have been ordered to open a network of branches in the interior.

Secondly, in addition to control over imports and exports, the government will supply consumption goods to the people at the minimum cost, Dr. Kung announces. He is certain the measure, a quasi-monopoly scientifically and efficiently operated to substitute consumption tax, will benefit the poor.

READJUSTMENT

Thirdly, the Government is enforcing a thorough readjustment of local finances. Local governments receive their principal incomes from land tax, 15 to 45 per cent. of which they have to remit to the provincial treasuries. The elasticity of the 15 to 45 per cent. remittance provides the magistrates leeway for special needs in their hien or districts.

Land tax returns so far total an average of 70 per cent of the actual estimate, due partly to inefficiency and partly to the inability of the very poor to pay their duties. The dual, yet separate collecting and auditing system had been introduced to combat inefficiency. Rural credit and co-operatives, both consumers and producers, will help to bring about prosperity in the country.

Fourthly, the army of trained young collectors, accountants, auditors, and co-operative workers will be increased. New personnel are being trained and field workers recalled for further training. Dr. Kung places genuine faith in college and senior middle school graduates who are receiving from Central and local authorities administrative as well as moral instructions. He declares that the young officials have done away with perfunctoriness and corruption, emphasizing that a healthy system of production, distribution, reconstruction, central and local finances depends upon employing the right men.

COLONY HEALTH: FIVE CASES OF SMALL-POX

Seventeen cases of tuberculosis, five cases of small-pox (one from Victoria and four from Kowloon), three cases of cerebro-spinal fever, two cases each of chicken-pox and dysentery, and two cases each of diphtheria and enteric fever were notified to the Health Department.

RUSSIAN FLEET ON WATCH

MOSCOW, Feb. 28 (Reuter)

The Soviet Navy Commissioner, M. Kutuzov has arrived at Murmansk at last.

He is reported to have ordered the Soviet Fleet to take up positions along the waters of the whole Russian Coast in the North.

POLITICAL CRISIS PRECIPITATED IN CEYLON: SIX MINISTERS RESIGN

COLOMBO, Feb. 28 (Reuter).—All six Ceylon Ministers resigned yesterday evening. This sudden crisis was precipitated by H.E. the Governor's (Sir Andrew Caldecott) decision in connexion with a difference which has arisen between the Home Minister, Sir Don Baron Jayatilaka, and the Inspector-General of Police, Mr. P. N. Banks, regarding the carrying out of the police certain criminal proceedings.

The difference originally developed from labour trouble on an up-country estate on Jan. 10, which led to the institution of criminal proceedings against the rioters on the one hand, and the appointment of a Commission of Inquiry into the alleged shooting by the Police, on the other.

PROTEST TO GOVERNOR

The Home Minister subsequently protested to the Governor that Banks had not carried out the "instruction" to postpone the cases pending the Commission's report, as decided by the State Council.

The Governor, though regretting that Mr. Banks had not "worded his letter more happily" to the Home Minister, did not think there had been insubordination, as alleged.

POLICE RESPONSIBILITY

He also pointed out the statutory responsibility imposed on the Police and doubted the propriety of the procedure adopted by the Home Minister.

The Ministers maintain that the question goes to the root of the Donoughmore Constitution.

NAZI WEAPON TO FIGHT AIR ATTACK: INCENDIARY LINKED TO CHAINS

LONDON, Feb. 28 (Reuter's Special Correspondent with the R.A.F. in France).—R.A.F. long-distance bombers, which landed on a French aerodrome before dawn today after participating in the most important series of reconnaissance flights over Germany since the war began, ran the gauntlet of the whole German anti-aircraft defence with one exception.

Fighters were seen, but they made no attempt to attack the raiders.

SEARCH-LIGHTS

Over the heavily-fortified areas of Western Germany, four Messerschmitts were spotted at different points. The bombers were caught in the beams of multi-coloured search-lights. This activity was greatest over the Ruhr district.

Heavy anti-aircraft fire was encountered in the neighbourhood of Cologne and Düsseldorf.

INTENSE FIRE

One section of the night was under intense fire for some minutes and for another spell dodged sporadic bursts.

"Screaming onions" (incendiary shells which in some cases were linked to chains designed to warp themselves around the raiders and send them crashing to earth in flames) were discharged at the aircraft, but they missed their mark.

One battery of four guns fired greenish coloured balls and elsewhere red orange fireballs were fired under the aircraft.

NIGHTMARE FLIGHT

This nightmare flight was one of several carried out. The series, announced by the Air Ministry this morning, constituted the fourth R.A.F. night survey of Germany in five days. The aircraft first visited Borkum, the base of mine-laying seaplanes, after which they separated for two main objectives—Berlin and the Ruhr.

LEAFLETS DROPPED

Leaflets and recognition flares were dropped on Berlin, where not a single searchlight came on, although the aircraft came down to a few thousand feet above such famous streets as the

Unter den Linden and the Wilhelmstrasse to release their load.

Only one fighter was seen hereabouts, but it did not attempt to join in combat with the raiders which were plainly visible in bright moonlight. More leaflets were dropped at Cologne.

IMPORTANT DETAILS

Other towns crossed included Emden, Duisburg and Dortmund. The most important details were observed by the planes, and it is believed, by those which flew over the important seaports in north-west Germany and the Baltic.

In less than a week, R.A.F. night-fliers, by the aid of photographs and ordinary observation, have secured a

great mass of new information about Germany with little or no loss.

great mass of new information about Germany with little or no loss.

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Mr. Oliver Stanley who succeeded Mr. L. Horne-Bellish as War Minister.

LINCOLNSHIRE, GRAND NATIONAL CALL-OVERS

LONDON, Feb. 28 (Reuter).—The official call-overs for the Lincolnshire are as follows:—

Quartier Maître 9-1 o; Womersley 100-9 o, 100-8 t; Titan 12-1 o, 100-8 t; Bombs-a-Daisy 100-8 o, 100-7 t; Aldine, Golden Sovereign, Southport and Ticcagari, 100-7 o; Hoburn, Rosetown and Spliced 100-6 o; Time Step, Davy Doolittle and Uncle Archie 20-1 o.

The call-overs for the Grand National are as follows:—Symaethis 13-1 o, 14-1 t; Airgeadstos, Kilstar, Sterling Duke and Royal Danell 100-6 o; The Professor 18-1 o, 20-1 t; Lecyngne 18-1 o; Royal Mall, Workman, Blackhawk, Dominicks Cross and Macmoffat 20-1 o; Old Pal 20-1 o, 25-1 t; Rockquilla 25-1 t, and o; Venturesome Knight 25-1 o, 33-1 t, and o.

SOVIET TROOPS NEAR VIBORG

HELSINGFORS, Feb. 28 (Reuter).—Soviet troops were still six miles from Viborg on Monday morning and the Finns are holding their second line of defence despite terrific pressure.

MORE AIR RAIDS

Southern Finland was bombed by Soviet planes on Monday, but, so far as is known, only three people were killed.

Helsingfors had four air-raid alarms, but no bombs were dropped. The result of Soviet air-raids in the first fortnight of February shows that 98 civilians were killed and 134 injured.

FINNISH COMMUNIQUE

A Finnish communique states that west of the Karelian Isthmus, the Soviets continued their attacks, but suffered heavy losses.

The Finns captured a number of arms and destroyed eighteen tanks. North-east of Lake Ladoga there was strong artillery activity, in which the Finns destroyed three tanks and two armoured-cars.

In the direction of Petsamo, the Soviets made several attacks.

The Finns have transferred their lines to Nautil. Two tanks were destroyed and there was a successful ambush and activity by the Finns.

BRITISH CRUISER DELAYED

MONTVIDEO, Feb. 28 (Reuter).—The British cruiser Dorsetshire which was expected here yesterday morning for supplies and fuel did not arrive after all and the festivities which had been arranged for the officers and men were cancelled.

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FOREIGN MAILS

HONGKONG, THURSDAY, 29th FEBRUARY, 1940, 8.30 A.M.

Small Packet Post to all countries is suspended.

INWARD MAILS

From	Due
Air Mail by "Air France Direct Service" — Paris date, 21st February	29th Feb.
Calcutta, Straits and Saigon	29th Feb.
Air Mail by "Imperial Airways Direct Service" — London date, 21st February	29th Feb.
Manila	29th Feb.
Shanghai	29th Feb.
Manila	29th Feb.
U. S. A. & Manila (San Francisco date, 31st Jan.)	29th Feb.
Japan and Shanghai	29th Feb.
Shanghai	29th Feb.
Shanghai	29th Feb.
Canton	29th Feb.
Manila	29th Feb.
Shanghai	29th Feb.
Japan and Shanghai	29th Feb.
Shanghai	29th Feb.
Japan and Shanghai	29th Feb.
Japan	29th Feb.
Haiphong and Hoihow	29th Feb.
Canton	29th Feb.
Shanghai	1st Mar.
Saloon	1st Mar.
Bangkok	1st Mar.
Shanghai	1st Mar.
Japan and Shanghai	1st Mar.
Canada, U.S.A. Japan and Shanghai — (Vancouver B.C. date, 10th February)	1st Mar.
Shanghai, Amoy and Swatow	2nd Mar.
Shanghai	2nd Mar.
Shanghai	2nd Mar.
Haiphong, Hoihow & Fort Bayard	2nd Mar.
Egypt and Straits	2nd Mar.
Shanghai	2nd Mar.
Sandakan	2nd Mar.
Air Mail by "Imperial Airways Direct Service" — London date, 24th February	3rd Mar.
Shanghai and Amoy	3rd Mar.
Bangkok and Saigon	3rd Mar.
Europe via Suez and Straits (London date, 18th January)	3rd Mar.
Calcutta and Straits	3rd Mar.
Japan	3rd Mar.
Shanghai and Amoy	3rd Mar.
Haiphong	4th Mar.
Japan	4th Mar.
Straits and Saigon	4th Mar.
Europe via Suez and Straits (London date, 25th January)	5th Mar.
U.S.A., Honolulu, Japan and Shanghai (San Francisco date, 6th February)	5th Mar.
Straits and Manila	5th Mar.
Java and Manila	5th Mar.
Air Mail by "Pan American Airways Direct Service" — San Francisco date, 24th February	6th Mar.
Shanghai	6th Mar.
Shanghai	6th Mar.
Tientsin	6th Mar.
Straits and Manila	8th Mar.

OUTWARD MAILS

Registered and Parcel Mail are closed 15 minutes earlier than the time given below unless otherwise stated, and where mails are advertised to close at or before 9 a.m. registered and parcel mails are closed at 5 p.m. on the previous day. When mails are advertised to close after 5 p.m., Registered and Parcel mails are closed at 5 p.m.

For	Date and Time
THURSDAY	Thu. 29th
Airmail for Indo-China, Iran, and France (Paris and Northern Provinces only) by the "Air France Airways Direct Service"—due Paris 7th March.	K.P.O. Reg. 9.30 A Ord. 10.00 A
Fort Bayard	G.P.O. Reg. 9.30 A Ord. 10.00 A
Haiphong	1.30 P
Shanghai	2.00 P 2.30 P
	K.P.O. Reg. 2.45 P Ord. 3.30 P
Manila, Australia and New Zealand Via Thursday Island—due Thursday Island 13th March	G.P.O. Reg. 2.45 P Ord. 3.30 P
Amoy	7.00 P
Straits and Calcutta	7.00 P
FRIDAY	Fri. Mar. 1st
Canton	7.15 A
Parcels only for Straits, Ceylon and Egypt ...	9.30 A
Shanghai	2.30 P
Saloon, Straits, Ceylon, India, Egypt and Europe via Marseilles—due Marseilles, 28th March	G.P.O. & K.P.O. Reg. 2.45 P Ord. 3.30 P
Manila	7.00 P
SATURDAY	Sat. 2nd
Straits, Ceylon, India and London Parcels — due London 9th April	G.P.O. & K.P.O. Par. 1st 5.00 P Reg. 1st 5.00 P
Haiphong	Ord. 2nd 8.30 A
Shanghai	10.00 A
Japan	2.30 P 3.30 P
Air Mail for "Imperial Airways Direct Service"—due London 19th March	G.P.O. & K.P.O. Reg. 5.00 P Ord. 5.30 P
SUNDAY	Sun. 3rd
Tientsin (Parcels only)	9.00 A
MONDAY	Mon. 4th
Saloon and Bangkok	8.30 A
Manila, Rabaul, Australia, and New Zealand via Brisbane—due Brisbane 21st March	G.P.O. & K.P.O. Par. 2nd 5.00 P Reg. 4th 8.45 A
Haiphong	Ord. 4th 9.30 A
Straits (Parcels only)	1.00 P
Shanghai	1.30 P
Straits, Ceylon, India, Mombasa, Beira, Lourenco-Marques, East and South Africa	2.30 P
Canton	2.30 P 7.00 P

Printed and Published by Henry Lloyd Murrow, for the Hongkong Daily Press, Ltd., at "Marina House," third floor, 15-19, Queen's Road Central, Hongkong. London Office: 53 Fleet Street, E.C.4.